

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY  
SAULT STE. MARIE, ONTARIO

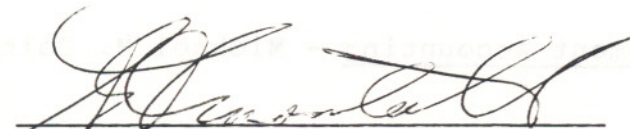
COURSE OUTLINE

Course Outline: HOSPITALITY ACCOUNTING AND PROCEDURES  
Code No.: ACC 115-5  
Program: HOTEL AND RESTAURANT MANAGEMENT  
Semester: TWO  
Date: JANUARY, 1987  
Author: G. DUNLOP

New: \_\_\_\_\_

Revision: \_\_\_\_\_ X

APPROVED:

  
Chairperson

87-01-05  
Date

HOSPITALITY ACCOUNTING AND PROCEDURES

ACC 115-5

Course Name

Course Number

PHILOSOPHY/GOALS:

1. To provide the student with knowledge of the techniques used to analyze and interpret financial information.
2. To give the student an understanding of the use of financial data for decision making.
3. To provide the student with a knowledge of the technical words or terms used in accounting in the hospitality industry.
4. To make the students aware of the factors involved in pricing, budgeting and internal control in the hotel and restaurant industry.

METHOD OF ASSESSMENT (GRADING METHOD):

There will be five tests during the semester. Each test will count as towards a final grade.

There will be a rewrite for students not achieving a passing mark for each test during the semester. The grading will be based on the following criteria:

80 and over . . . . .	A
70 - 79 . . . . .	B
55 - 69 . . . . .	C
Below 55 . . . . .	R (Repeat)

The final grade will be based on the average mark of the five semester tests.

TEXTBOOK(S):

Hospitality Management Accounting - Michael M. Coltman

REFERENCE TEXTBOOK:

Management Accounting for Hotels & Restaurants  
- Richard Kotas and Lee Kreul

## HOSPITALITY ACCOUNTING AND PROCEDURES

ACC 115-5

### UNIT 1

#### Review and Understanding Financial Statements

##### TOPICS:

- A) Review of the accounting cycle
- B) Understanding the principles and concepts upon which accounting is based
- C) Review of depreciation and the methods of calculating depreciation
- D) A review of the income statement and balance sheet
- E) The preparation of departmental income statements
- F) Understanding the distinction between direct expenses and indirect expenses
- G) Methods of distributing overhead costs and expenses
- H) The effect of the sales mix on net income
- I) Review of current assets, long-term assets, and current liabilities
- J) An introduction to the various types of ownership:
  - single proprietorship
  - partnership
  - corporation

##### **TEST**

### UNIT 2

#### Financial Statement Analysis and Interpretation

##### TOPICS:

- A) Comparative financial statements
- B) Calculating common-size
- C) Calculating the average check and cost per guest
- D) The effect of prices and cost changes on trends
- E) The use of cost indices
- F) Calculating seat turnovers, room rates, occupancy percentages and other pertinent
- G) Ratios for short-term creditors
- H) Ratios for long-term creditors
- I) Returns for investors
- J) Analysis for management

##### **TEST**

## HOSPITALITY ACCOUNTING AND PROCEDURES

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### UNIT 3

#### Internal Control and Pricing

##### TOPICS:

- A) Designing a system for internal control
- B) The requirements for good internal control
- C) The development of standards
- D) Methods of fraud and the procedures for detecting fraud
- E) Calculating the average check and the effect of turnover on averages
- F) Pricing various items on the menu
- G) The bottoms-up approach to pricing
- H) The \$1 per \$1000 method of pricing
- I) Calculating single and double room rates
- J) Room rates based on room size
- K) Rates based on average occupancy of rooms

##### TEST

### UNIT 4

#### Cost Management and Cost Volume - Profit Relationship

##### TOPICS:

- A) Allocation of costs to sales areas
- B) Choosing among alternatives for equipment purchases
- C) Determining relevant costs associated with alternatives
- D) Consideration of closing during the off season
- E) Separating fixed and variable cost elements
- F) Calculating the contribution margin to profits
- G) Determining the break even point using graphical analysis
- H) Using the CVP formula to determine break even
- I) Calculating the level of sales to achieve target profit
- J) The effect of change of rates on sales level

## UNIT 5

### Budgeting and Cash Management

#### **TOPICS:**

- A) Understanding the various types of budgets
- B) The purpose of a budget and advantages of budgets
- C) Allocating responsibility for budgets
- D) The budget cycle
- E) Departmental budgets
- F) Variance analysis
- G) Budgeting a new operation
- H) Preparation of the cash budget
- I) Cash conservation and working capital management
- J) Preparation of a long-term cash flow budget

#### **TEST**

