

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 1993

Previous Outline Dated: JANUARY 1992

Author: JOHN CAVALIERE

New: _____

Revision: X

APPROVED: *Amontail*
Dean, School of Business & Hospitality

Jan '93
Date



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):

A) There will be four regular tests and one supplementary examination at the end of the semester. The weighting of the tests and the supplementary examination is as follows:

Regular Tests (4)	100%
Supplementary Exam	Replace the lowest failed test

Grading will be based on the following criteria:

90% & over.....	A+
80%-89%.....	A
70%-79%.....	B
55%-69%.....	C
Below 55%.....	R (Repeat)

B) Supplementary Examination

A supplementary examination will be administered at the end of the semester. This exam will cover all of the material covered during the semester. It will replace the lowest failed test. A student will qualify to write this test if they attend 80% of classes and have completed all assignments.

TEXTBOOK(S):

Hospitality Management Accounting - Michael Coltman

Student Workbook, Hospitality Management Accounting, M. Coltman

Course Name

Course Number

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) Review of current assets, long-term assets, and current liabilities
- I) 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 statements
- C) Calculating the average check and cost per quest
- D) Calculating seat turnovers, room rates, occupancy percentages and other pertinent
- E) Ratios for short-term creditors
- F) Ratios for long-term creditors
- G) Analysis for management

TEST

Course Name

Course Number

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 for internal control
- 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, Budgeting

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) Using the CVP formula to determine break even
- H) Calculating the level of sales to achieve target profit
- I) Preparing a contribution margin income statement involving several departments

TEST