



School of Business & Creative Design

HOSPITALITY AND TOURISM MANAGEMENT PROGRAM

Course Outline – Winter 2014

HAT 2084

Hospitality and Tourism Accounting

Prepared by: B. Goldsmith

Date: Winter 2008

Revised by: Jessica Sottosanti-Brand

Date: December 2013

Approved by: Yvonne Clarke, Associate Dean

Prerequisite for: HAT 3084

Corequisite for: none

1. Course Description

In order to operate and manage a successful hospitality and tourism enterprise, it is critical to have a solid understanding of financial management. This specialized course is designed to present students with the tools to maximize the profitability of their hospitality and tourism enterprise. Focus will be on the required skill sets necessary to prepare and interpret financial statements specific to industry operations.

2. General Education and Essential Employability Skills

This course provides the following provincial Essential Employability Skills:

- #1: Communication
- #2: Numeracy
- #3: Critical Thinking and Problem Solving
- #4: Information Management
- #5: Interpersonal
- #6: Personal

Is this course approved as a General Education course?

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No

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Yes

Students should refer to their program's restricted General Education courses for final determination.

3. Learning Outcomes

1. Use accounting terminology
2. Prepare routine financial statements for a hospitality and tourism enterprise
3. Interpret and analyze routine financial statements to evaluate financial performance of a hospitality enterprise
4. Apply basic mathematical skills to make and verify accurate calculations
5. Perform cost analysis to assist in making business decisions
6. Apply principles of revenue management relative to hospitality and tourism enterprises
7. Apply principles of cash flow management relative to hospitality and tourism enterprises
8. Apply principles of capital budgeting and evaluate capital investment opportunities
9. Prepare an operating budget including variances for a hospitality and tourism enterprise

4. Learning Objectives

Unit 1

- | | Learning Outcome
Reference Number |
|---|--|
| 1. 1 Define and describe the accounting function and explain how it is relevant to the operation of a hospitality and tourism enterprise. | [1] |
| 1. 2 Identify the major financial statements of a business enterprise, describe their primary purpose and explain the interrelation between them. | [1,2,3] |

- 1.3 Identify and describe the major classifications and elements reported on a Balance Sheet, Income Statement, and Statement of Retained Earnings for a hospitality and tourism enterprise and prepare these financial statements in good form from a given trial balance of accounts. [1,2,3,4]
- 1.4 Explain the importance of financial statement analysis and how it assists users of financial statements in making decisions. [1,2,3,4]
- 1.5 Describe horizontal financial statement analysis (growth analysis) and apply this technique of analysis to a given set of financial statements. Interpret the results. [1,2,3,4]
- 1.6 Identify commonly used financial ratios for a hospitality and tourism business and describe their meaning and importance. [1,2]
- 1.7 Analyze the financial performance of a hospitality and tourism business by calculating, classifying, and interpreting commonly used financial ratios. [1,2,3,4]

Unit 2

- 2.1 Identify, define, differentiate between, and illustrate with examples, the following:

(a) Fixed costs	(e) Indirect costs	
(b) Variable costs	(f) Overhead costs	
(c) Total costs	(g) Relevant costs	
(d) Direct costs	(h) Irrelevant costs	[1]
- 2.2 Identify overhead costs and describe why it is necessary that they be allocated to various departments within a hospitality and tourism enterprise. [4,5]
- 2.3 Perform the calculations necessary to allocate overhead costs to various departments within a hospitality and tourism enterprise. [4,5]
- 2.4 Analyze and evaluate various costs associated with alternative courses of action relating to typical management decisions in hospitality and tourism operations. [5]
- 2.5 Discuss the importance of pricing in maximizing the overall revenues of a hospitality and tourism enterprise with a single or multiple revenue generating departments. [6]
- 2.6 Describe the principles of one or more of the following approaches to pricing:

(a) Mark-up approach	
(b) Bottom-up approach	
(c) Yield Management	[1,6]
- 2.7 Apply the principles of pricing for the cost approaches identified in point 2.6 above and calculate the optimal pricing policy for various situations a hospitality and tourism manager faces. [4,5,6]
- 2.8 Calculate yield-related measures for a hospitality and tourism enterprise and interpret their meaning. [6]
- 2.9 Describe and apply appropriate yield management pricing strategies and tactics for high-demand days and low-demand days. [6]

Unit 3

- 3. 1 Describe the features and scope of cash management and explain why it is important for the successful operation of a hospitality and tourism enterprise. [7]
- 3. 2 Identify and describe the elements of a cash budget and explain the benefits of a cash budget as a planning tool for hospitality and tourism managers. [1,7]
- 3. 3 Given necessary data, calculate the projected timing and amount of future cash receipts and disbursements and prepare a cash budget for a hospitality and tourism enterprise. [4,7]
- 3. 4 Explain the concept of money having a “time value”. [1,7]
- 3. 5 Using the appropriate tables of present value factors, calculate the:
 - (a) Present value of a single sum
 - (b) Present value of an annuity
 - (c) Present value of an uneven series of payments/receipts [4,7]

Unit 4

- 4. 1 Describe the nature of capital budgeting decisions and explain the importance of these decisions for a hospitality and tourism enterprise. [8]
- 4. 2 Identify and describe the key elements or inputs to the capital budgeting decision-making process. [8]
- 4. 3 Describe the following methods of evaluating capital investments as well as the advantages and disadvantages of each:
 - (a) Payback Period method
 - (b) Net Present Value (NPV) method [1,8]
- 4. 4 Given necessary data, apply the methods listed in point 4.3 above to evaluate potential capital investments and make the optimal investment decision for the business. [4,8]
- 4. 5 Describe the purposes for budgeting for operations of a hospitality and tourism enterprise and identify those responsible for the preparation of the operations budget. [9]
- 4. 6 Identify and describe the major elements in the budget preparation process. [9]
- 4. 7 Given all relevant information and projections, prepare an operations budget for a hospitality and tourism enterprise. [4,9]
- 4. 8 Identify and describe the key steps in the budgetary control process. [9]
- 4. 9 Given all relevant budgeted amounts and actual results, perform variance analysis by calculating, interpreting, identifying potential causes, and suggesting corrective action for:
 - (a) Revenue variances
 - (b) Labour variances [3,4,9]

5. Resource Supplies

a. Required:

Custom Courseware

Hospitality and Tourism Accounting – Custom Courseware Package.
Lambton College, 2014.

There is no required text for this course.

b. Supplemental:

A calculator (non-programmable)

The following textbook is on reserve at the Library Resource Centre.

Schmidgall, Raymond S. Hospitality Industry Managerial Accounting. 7th edition.
Educational Institute of the American Hotel & Lodging Association, 2011.

5. Methodology

This lecture based course will be complimented by an emphasis on in class problem solving, analysis, and decision making. Students will be required to work independently completing assigned questions, problems and cases relating to current topic. It is important for the students to attend class and complete the related assignments prior to class discussion. Doing so will greatly enhance the student's understanding of the material and successful completion of the course requirements.

7. Student Evaluations

The following elements will determine the student's final grade:

Test One	20%
Test Two	20%
Test Three	20%
Test Four	20%
Assignment One	10%
Assignment Two	10%

Note:

During testing time, NO electronic devices beyond a non programmable calculator will be permitted unless previously discussed and permitted by the instructor. This includes programmable calculators, language translators, ipods, BlackBerrys, PDAs, or cell phones. Failure to comply with these criteria may result in a cheating offense being filed against the student.

Missed Test Policy

All tests must be written and all assignments must be submitted to the instructor's satisfaction in order to receive a passing grade. If the student is not present for a quiz, the result will be recorded as a zero. The instructor may make an exception and allow the test to be written at a time other than the scheduled time provided that:

- A medical certificate is presented as proof of the student's inability to be present at the scheduled time
- The instructor has agreed in ADVANCE that there is justification for the student not being present at the scheduled time

Due Dates and Late Submissions

The student is expected to complete all assignments on time. All assignments are to be submitted during scheduled class time on the due date or as per faculty instruction. Late submissions will be penalized at 10% per day.

Final Grades

The round off mathematical principle will be used. Percentages are converted to letter grades and grade points as follows:

Mark (%)	Grade	Grade Point	Mark	Grade	Grade Point
94-100	A+	4.0	67-69	C+	2.3
87-93	A	3.7	63-66	C	2.0
80-86	A-	3.5	60-62	C-	1.7
77-79	B+	3.2	50-59	D	1.0
73-76	B	3.0	0-49	F	0.0
70-72	B-	2.7			

The passing grade in this course is a D. For further clarification, the student may consult with the Program Coordinator or the Dean.

8. Academic Integrity

Lambton College is committed to high ethical standards in all academic activities within the College, including research, reporting and learning assessment (e.g. tests, lab reports, essays).

The cornerstone of academic integrity and professional reputation is principled conduct. All scholastic and academic activity must be free of all forms of academic dishonesty, including copying, plagiarism and cheating.

Lambton College will not tolerate any academic dishonesty, a position reflected in Lambton College policy. Students should make themselves familiar with the Students Rights and Responsibilities Policy, located on the MyLambton website for details concerning academic dishonesty and the penalties for dishonesty and unethical conduct.

Questions regarding this policy, or requests for additional clarification, should be directed to the [Lambton College Centre for Academic Integrity](#)

9. Related Items

Students with Disabilities

If you are a student with a disability please identify your needs to the professor and/or the Accessibility Centre so that support services can be arranged for you. You can do this by making an appointment at the Accessibility Centre, Room L103 ext.3427 or by arranging a personal interview with the professor to discuss your needs.

Student Rights and Responsibility Policy

Acceptable behaviour in class is established by the instructor and is expected by all students. Any form of harassment or violence will not be tolerated. Action will be taken as outlined in Lambton College policy.

Cheating and plagiarism are serious academic offences subject to disciplinary action. It is the student's responsibility to be aware of the cheating policy as described in the Lambton College Student Rights and Responsibilities policy. For further information on all of these policies, links may be found on the Lambton College website.

Prior Learning Assessment Statement

This course is eligible for Prior Learning Assessment

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Yes

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No

If yes has been selected, you may choose to contact the Counselling Department for advice on Prior Learning Assessment.

Date of Withdrawal without Academic Penalty

Please consult the Academic Regulations and Registrar's published dates.

Waiver of Responsibility

Every attempt has been made to ensure the accuracy of this information as of the date of publication. The content may be modified, without notice, as deemed appropriate by the College.

Note: It is the student's responsibility to retain course outlines for possible future use to support applications for transfer of credit to other educational institutions.