

NEW CANADIAN HOSPITALITY MANAGEMENT ACCOUNTING

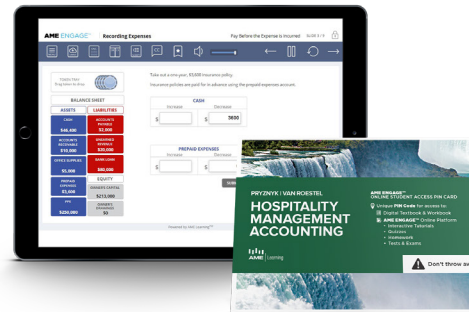
BLENDED COURSEWARE
FOR HOSPITALITY
MANAGEMENT ACCOUNTING
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Hospitality managers make important decisions every day that impact their business. **Hospitality Management Accounting** exposes students to management accounting concepts and practices used by managers within the hospitality industry for decision making and control purposes.

- Fundamental concepts and analytical techniques equip students to evaluate current and past operations and to effectively manage finances toward increased profits
- USALI and USAR formatted income statements.
- Learn practical decision-making skills to successfully prepare future managers for the increasingly complex and competitive hospitality industry in Canada and abroad.
- Covers the variety of aspects to consider when opening your own hospitality business.

- Access to **AME Engage™**, an online, interactive component of the **AME Learning System™** featuring the **Accounting Map™** interactive tutorials, a digital and highly visual interactive balance sheet and income statement for powerful and practical transactional learning.
- The **AME Assistant Team** is always available to help instructors with course set-up and exam and test development. AME's in-house accounting subject-matter-experts work directly with individual instructors to customize the teaching and learning experience to their specific needs.

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- Chapter 8:** Capital Budgeting and Investment Decisions
- Chapter 9:** Relevant Costs and Business Strategies

Hospitality Management Accounting

Textbook + Workbook +
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MANAGEMENT ACCOUNTING FOR HOSPITALITY STUDENTS

As the hospitality field continues to grow in Canada and across the globe, today's hospitality professionals need a strong understanding of accounting more than ever before.

Hospitality Management Accounting

- is based on AME's validated content for management accounting
- applies the concepts to the hospitality industry rather than manufacturing or merchandising companies
- all examples focus on hospitality businesses, ranging from small, sole-proprietor cafés to multi-location resorts run as large corporations

TABLE OF CONTENTS:

Chapter 1: *Financial Information and Cash Flows* provides a refresher on the background of accounting and financial statements, with a brief introduction to the Uniform System of Accounts for the Lodging Industry (USALI) and the Uniform System of Accounts for Restaurants (USAR). The chapter demonstrates how to prepare a statement of cash flows using a restaurant as an example. The content focuses on cash flow from operations and analyzes the impact of various business activities in a hospitality environment. The chapter ends with a discussion of ethical issue related to cash flow.

Chapter 2: *Analyzing Accounting Information* reviews key items from corporate financial statements. The chapter demonstrates horizontal and vertical analysis using a hotel example and provides deep financial ratio analysis using the real company Wynn Resorts. Specific hospitality ratios are then presented for both restaurants and hotels, including labour cost percent, average daily rate (ADR) and sales revenue per available room (RevPAR).

Chapter 3: *Introduction to Costs* turns fully to management accounting principles. It explains the concept of cost objects and different types of costs, with specific attention paid to typical costs for restaurants and hotels. The allocation of indirect costs is presented, using the example of a hotel allocating costs based on either sales or room size.

Chapter 4: *Cost-Volume-Profit Analysis* illustrates how variable and fixed costs can impact a business's bottom line. It explains the concept of contribution margin and covers cost-volume-profit analysis, primarily using the example of a restaurant. It then demonstrates how CVP analysis can be used for decision-making. Practical examples cover concepts such as operating leverage, margin of safety and sensitivity analysis.

Chapter 5: *Pricing Methods* discusses important considerations in pricing. The chapter demonstrates how to calculate selling prices using a variety of methods. The content focuses on analyzing the relationship between price and revenue, looking at both menu pricing and hotel room rates.

Chapter 6: *Budgeting* discusses the importance of budgeting. After introducing the various approaches available, it walks through the budgeting process using the example of a hotel with a restaurant as part of its operation. Revenues and costs are estimated by department to provide a practical exercise for hospitality businesses. The chapter demonstrates how to prepare a sales budget, a purchase budget, an operating expenses budget, a budgeted income statement, a capital budget, a cash budget and a budgeted balance sheet. The chapter ends with a discussion of ethical issue related to budgeting.

Chapter 7: *Flexible Budgeting and Variance Analysis* explains the importance of variance analysis. It continues with the same hotel and restaurant example to demonstrate static and flexible budgets and variances. It illustrates how to use variance information for business decision-making in the hospitality industry. The chapter ends with a discussion of ethical issue related to variance.

Chapter 8: *Capital Budgeting and Investment Decisions* introduces terminology related to capital budgeting. It demonstrates how to evaluate investments using different capital budgeting techniques. The concepts are demonstrated with two business cases for the hospitality industry.

Chapter 9: *Relevant Costs and Business Strategies* distinguishes relevant costs and irrelevant costs for business decision-making. The chapter illustrates practical scenarios such as whether to keep or drop a service, whether to outsource, whether to accept or reject a special order, and whether retain or replace an asset. The chapter concludes the entire text by discussing business strategies for users who are considering opening their own business.

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