



Preface

Most hospitality programs in the United States require several accounting classes as part of their curriculum. Although these accounting classes are important and provide the knowledge and skills that every hospitality manager will need, students are generally afraid of, do not like, have high anxiety levels about, and do not do well in these classes. Often the result is that they just try to survive the class and do not try to understand and learn the accounting and finance concepts presented in the class that will help them in their hospitality careers.

This textbook seeks to reduce students' fears and anxieties by focusing on the fundamentals of using numbers in operating a business. This means focusing on the essential fundamentals that are easier to understand and apply. It means teaching students to use numbers in hospitality operations. It does not include the accounting details and complexity that are used by Directors of Finance and CPAs. The focus is on using financial reports in operating the departments, not on preparing accounting reports.

Fundamental accounting concepts and methods of financial analysis are important skills for graduating students to understand and possess as they begin their hospitality careers. They should have a solid foundation of accounting knowledge and fundamentals that will enable them to quickly learn, understand, and apply the accounting policies and procedures of the hospitality company that they work for. This understanding often means the difference between steady career advancement and no advancement at all.

Hospitality students need to have a fundamental understanding of using numbers in operating their departments and analyzing their financial statements. This textbook is written to present and focus on the following important goals in teaching hospitality accounting:

1. Presenting students with accounting information that will provide a solid foundation of fundamental accounting concepts and methods of financial analysis.
2. Teaching students to understand numbers and be able to use numbers to help them perform their managerial responsibilities more effectively.

3. Assisting students in understanding that using financial analysis to evaluate business operations involves basic arithmetic and fundamental formulas and need not be complicated and overwhelming.
4. Teaching students to understand that numbers resulting from operations are used as a management tool and a means to measure financial performance.
5. Enabling students to apply accounting concepts and methods of financial analysis in managing their operations and evaluating financial statements.

This textbook was written to provide hospitality students and hospitality managers with a solid foundation of accounting concepts and methods of financial analysis that they will need to use in their jobs in the hospitality industry. The Directors of Finance for several major hotel companies have reviewed a major portion of the material. Their input was instrumental in enabling the material presented in this textbook to be consistent with the actual accounting processes and procedures used in the hospitality industry.

This textbook is written for students who desire to become hospitality operations managers and not Assistant Controllers, Controllers, or Directors of Finance. It is critical that hospitality managers be able to understand numbers and use them in the daily operations of their departments. Accounting fundamentals and accounting applications to operations are the main themes of this book.

Chapters 1 and 2 provide an introduction to accounting and a solid foundation of accounting concepts and methods of financial analysis. The focus is on the fundamentals of using numbers in hospitality operations. Chapter 3 explains the organization and operation of the accounting department in a hotel. This is intended to help hospitality students understand how accounting department operations fit into hotel operations and how they can help hospitality managers operate their departments.

Chapters 4 through 8 discuss the three main financial statements used in financial analysis and hotel management reports that are used as management tools and to measure financial performance. The purpose is to introduce students to the actual use and application of financial reports in the operations of departments within a hotel or restaurant. The focus is to present accounting and financial information that students will need to know and be able to use in managing their departments.

Chapters 9 and 10 emphasize the importance of forecasting and budgeting as a management tool and as a way to measure financial performance. Forecasting revenues and scheduling wages are two important responsibilities of hospitality managers. These chapters focus on the importance of a manager's ability to review current operations and to prepare weekly forecasts that update the budget and reflect current market conditions.

Chapters 11 and 12 are intended to provide students with additional knowledge to broaden their financial skills and understanding. Chapter 12 is intended to encourage students to apply fundamental financial skills to their personal management of money.

The glossary summarizes key terms presented in the text that students should know.

As students read this text and progress through a hospitality accounting course, it is the author's hope and intent that they will be able to learn fundamental accounting concepts and use methods of financial analysis in operating their departments when they start their hospitality careers. By focusing on accounting fundamentals and building on accounting concepts, student fears and anxieties of accounting will be replaced with a solid and useful understanding of accounting that they will be able to use and apply in their hospitality careers.

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