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Course Information

Course Title: *Hospitality Accounting* #3633

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 19 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

Course Description

This course describes the essential accounting for anyone in the hospitality industry, which includes hotels, restaurants, spas, and similar businesses. The course familiarizes the accountant with basic concepts and then addresses the various types of financial statements and the accounting needed to construct them. More detailed financial accounting topics include payroll, fixed assets, and payables. There are also many managerial accounting topics, such as the construction of a budget, price formulation systems, cost-volume-profit analysis, and cash management.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

Course Content

Publication/Revision date: 7/26/2015.

Author: Steven M. Bragg, CPA.

Final exam (online): Ninety-five questions (multiple-choice).

Instructions for taking this course

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Cite the operating characteristics of the hospitality industry.
- Note the intent of the accounting cycle, the key accounting principles, and the source of the information in the trial balance.
- Identify the different types, contents, and formats of the financial statements.
- Note the different types of receivable and payable transactions, and the documents associated with the processing of receivables and payables.
- Cite the forms used in the payroll process and the methods for calculating compensation and depositing tax remittances.
- State the types of inventory systems and cost layering methods, and describe the calculations used to estimate ending inventory.
- Identify the costs included in fixed assets, and the concepts used in the calculation of depreciation.
- Identify the types of projects for which interest should be capitalized, and when such capitalization should be terminated.
- Note the items included in interest expense and the loan amortization table.
- Recognize the tax reports associated with each type of business entity.
- Identify the costs considered to be startup costs, as well as the advantages of selling gift cards to customers.
- Define the types of controls, and note the controls that apply to each functional area of a business.
- State the types of pricing systems in use in the hospitality industry, as well as the impact of inelastic demand on price setting.
- Note the flaws in the ratios used to analyze the hospitality industry.
- Identify the types of costs, as well as the benefits of cost management.
- Note the calculations for contribution margin, breakeven, cost-volume-profit analysis, and sales mix variance.

- Recognize the disadvantages of budgeting in general and flexible budgeting in particular, as well as the calculation of the different types of variances.
- State the components of the cost of capital, and the types of analysis techniques used in capital budgeting.
- Cite the information used to derive a lease rate, as well as the conditions under which it makes the most sense to use different types of leases.
- Identify the advantages and disadvantages of a cash concentration system and a notional pooling system, as well as the content of the short-term and medium-term cash forecasts.
- Note the composition of the cash conversion cycle, and ways to improve working capital cash flow.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

Accountants' Guidebook	Financial Analysis
Accounting Controls Guidebook	Fixed Asset Accounting
Accounting for Derivatives and Hedges	Foreign Currency Accounting
Accounting for Inventory	GAAP Guidebook
Accounting for Investments	Hospitality Accounting
Accounting for Managers	Human Resources Guidebook
Accounting Procedures Guidebook	IFRS Guidebook
Bookkeeping Guidebook	Interpretation of Financial State- ments
Budgeting	Inventory Management
Business Combinations and Consolida- tions	Investor Relations Guidebook
Business Ratios	Lean Accounting Guidebook
CFO Guidebook	Mergers & Acquisitions
Closing the Books	New Controller Guidebook
Constraint Management	Nonprofit Accounting
Corporate Cash Management	Payables Management
Corporate Finance	Payroll Management
Cost Accounting Fundamentals	Project Accounting
Cost Management Guidebook	Public Company Accounting
Credit & Collection Guidebook	Revenue Recognition

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Preface

The hospitality industry is subject to a unique mix of issues, including seasonal demand, high fixed costs, rapid inventory turnover, and labor-intensive processes. The accountant needs to operate an accounting system that is specially tailored to this environment. In *Hospitality Accounting*, we cover the financial and managerial accounting aspects of a hospitality business.

The book is split into two parts, with the first section encompassing the financial accounting for a hospitality business. The first three chapters introduce the particular operating characteristics of the industry, the system of accounting, and a number of different financial statement formats. In the following eight chapters, we cover the full spectrum of financial accounting topics, including receivables, payables, inventory, fixed assets, debt, income taxes, and even gift cards. After a pause to describe dozens of controls that can be incorporated into an accounting system, we move on to a number of chapters that contain managerial accounting topics. These chapters give the accountant the tools to provide extra value to the management team by describing analyses of pricing, costs, variance analysis, and the cost-volume-profit relationship. In addition, the final two chapters discuss cash - how to forecast it and keep cash requirements from overwhelming a business. In total, these chapters provide a complete accounting tool set.

You can find the answers to many questions about hospitality accounting in the following chapters, including:

- How do I account for bad debts?
- How do I calculate gross wages for employees?
- How do I conduct a physical count of inventory?
- Which expenditures should be classified as fixed assets?
- Which government form do I fill out to report an income tax liability?
- How do I use the Hubbart formula to calculate a room rate?
- At what capacity and price point level will my hotel break even?
- Under what circumstances should I not create a budget?
- How do I create a cash forecast?
- How do I reduce the amount of cash invested in receivables?

Hospitality Accounting is designed for both professionals and students. Professionals can use it as a reference tool for reviewing accounting transactions and analyzing operations, while it provides students with an overview of the full range of accounting activities. Given its complete coverage of the subject matter topic, *Hospitality Accounting* may earn a permanent place on your book shelf.

Centennial, Colorado
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