

MODULE: MANAGEMENT ACCOUNTING (course code BAIHH-MA)

Griffith College Dublin – International Hospitality Management

Fall Semester

PRE-REQUISITE: 1 semester Accounting

Overview and Aims

This module is designed to strengthen and develop learners' Financial Accounting ability and provide a thorough grounding in Management Accounting systems and procedures as operated in the hospitality industry.

- To ensure learners have the ability to capture and analyse accounting information and can apply it to a wide range of planning, control and decision making situations.
- To encourage learners to fully appreciate the management processes of planning, control and decision-making.

Module Content

Introduction to cost and management accounting

- The management accounting function in the hospitality industry
- The relationship between management accounting and financial accounting

Basic cost concepts

- General nature of costs
- Determination of mixed cost elements
- Fixed versus variable costs
- Overhead, controllable, differential, relevant, sunk, and opportunity costs
- Average and incremental costs

Costing systems

- The role of costing in service sectors
- Absorption costing
- Marginal costing and the importance of contribution for decision-making
- Comparison of marginal costing and absorption costing approaches

Cost Volume Profit analysis

- CVP Analysis and the importance of contribution
- Target profit or revenue
- Breakeven charts and profit/volume charts
- Limitations of CVP analysis

Ratio analysis

- Ratio standards
- Purpose of ratio analysis
- Classes of ratios
- Liquidity, solvency, activity, profitability and operating ratios
- Limitations of ratio analysis
- Usefulness of financial ratios

Forecasting methods

- Forecasting in the hospitality industry
- Overview of forecasting methods
- Selection of a forecasting method
- Short-term forecasts in the lodging industry
- Forecasting cases

Operations budgeting

- Types of budgets and reasons for budgeting
- The budget preparation process
- Budgetary control
- Determination of variances & significant variances
- Variance analysis
- Determination of problems and management action

Cash management

- Cash and its importance

- Distinction between income and cash flows
- Cash budgeting
- Float.