

MODULE: MANAGEMENT ACCOUNTING

Code: **BAIH-2-1-09**
Unit Title: Management Accounting
Stage: 2
Semester: A2
Theme: Financial Management
Number of Credits: 4 semester credits / 6 quarter units

INTRODUCTION

This module strengthens and develops students' Financial Accounting ability and provides a thorough grounding in Management Accounting systems and procedures as operated in the hospitality industry.

AIMS

- To ensure students have the ability to capture and analyse accounting information and can apply it to a wide range of planning, control and decision making situations.
- The module also trains students in the use of the IT based systems which are used to support successful hospitality operations

LEARNING OUTCOMES

On completion of this module successful students will be able to:-

- Identify and assess new Management Accounting techniques being developed and implemented by pro-active organisations in the international hospitality industry
- Analyse component features involved in Management Accounting in terms of Decision Making, Planning and Control of Costs and Profits.
- Identification and analysis of various Computer Based Modelling Systems

SYLLABUS

Introduction to Managerial Accounting

- The Accounting Function in the Hospitality Industry
- Principles of Accounting
- Forms for Business Organisation
- Computer Applications
- The Balance Sheet
- Balance Sheet Analysis
- The Income Statement

The Statement of Cash Flows

- The Purpose of the Statement of Cash Flows
- Classification of Cash Flows
- Conversion of Accrual Income to Net Cash Flows from Operations
- Preparing the SCF
- Analysis of Statements of Cash Flow

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

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
- Decision-Making Situations

Cost-Volume-Profit Analysis

- CVP Analysis Defined
- CVP Equation -Single Product
- CVP Equation -Multiple Products
- Income Taxes and CVP Analysis
- Profit-Volume Analysis
- Operating Leverage

Cost Approaches to Pricing

- The Importance of Pricing
- Informal Pricing Approaches
- Cost Approaches: Four Modifying Factors
- Mark-Up Approaches to Pricing Meals
- Integrated Pricing

Forecasting Methods

- Implicit Versus Explicit Forecasts
- 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
- Management of Working Capital

Internal Control

- The Hospitality Industry's Vulnerability to Theft
- Definition and Objectives of Internal Control
- Internal Auditing
- Additional Classification of Controls
- Codes of Ethics

Capital Budgeting

- Relationship of Capital Budget to Operations Budget
- Types of Capital Budgeting Decisions
- Time Value of Money
- Cash Flow in Capital Budgeting
- Mutually Exclusive Projects with Different Lives
- Use of Capital Budgeting Models in the Lodging Industry

WORKLOAD

Contact:	60 hours
Directed Learning:	15 hours
Independent Learning Time:	45 hours
Total	120 hours