



Teaching Guide 2017-2018

Hospitality Cost accounting

Master in Hospitality Management



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Financial management and cost accounting

Hospitality cost accounting

Module: Financial management and cost accounting

Course: Hospitality cost accounting

Modality: On campus

Number of ECTS: 3 ECTS

Term: 2nd

Lecturer: Dr. Nicolás González Gallego

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Lecturer office hours: 9:00-18:00

Module, course lecturer/Coordinator: Dr. Nicolás González Gallego

Course description

Across the hospitality industry, companies and managers need to rely on quantitative information to make decisions. Hospitality is immersed in a global and competitive environment in which understanding and controlling internal costs are critical to develop, implement and assess a firm's strategy. Indeed, the aim of this *Cost accounting* course is to provide students with key cost management concepts, tools and accounting systems so that they can use them to successfully deploy tactical and strategic planning in hospitality organizations.

After facing general cost accounting methods, students will then study in more detail the specific implementation of accounting systems based on internal costs to different areas of hospitality management, such as lodging, food and beverages, spa & leisure, and human resources. This learning will lead students to approach companies from a cost-based perspective that will allow them to address strategic management within the hospitality industry by identifying, controlling and evaluating critical sources of cost and revenue.

Previous requirements

Good command on previous subjects is needed in order to be able to contextualize this course's contents within an overall understanding of hospitality management and how cost accounting supports decision making processes. Basic knowledge on accounting is not compulsory but highly recommended.

Course objectives

1. Learning how to use cost accounting information to support strategic management decisions in the hospitality industry.

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2. Understanding how different cost classifications and behaviors influence cost management and decisions.
3. Developing a consistent and comprehensive approach on how to implement most wide-spread cost accounting systems in hospitality industry.

Competences and learning outcomes

General Competences

- **G1:** Acquire the ability to manage and run hotels and restoration integrated in the current work scenery.
- **G2:** Acquire advanced knowledge to answer the demands of the hotel market.
- **G3:** Develop abilities to promote and manage and continuous change. Promote abilities key to improve management and business competition.
- **G4:** Go deep in the knowledge of the different areas of hotel corporations within a global focus.

Specific Competences

- **E.8** Know how to set up the cost system suitable to a hotel and restoration business, as a management and control tool.

Methodology

	Hours	Contact hours	Independent study work
Lectures and seminars	13.5	22.5 (30%)	
Tutorials	4.5		
Assessment in class	4.5		
Personal study	23.63		52.5 (70%)
Assignments and papers	15.75		
Research	13.12		
TOTAL	100	22.5	52.5

Syllabus

Theoretical classes

I. COST ACCOUNTING

UNIT 1. Introduction. Financial accounting vs cost accounting.

UNIT 2. Different types of costs and behavior.

UNIT 3. Building blocks of accounting and job costing.

UNIT 4. Activity-based costing and activity-based management.

UNIT 5. Decision making based on accounting information.

II. COST ACCOUNTING APPLIED TO HOSPITALITY MANAGEMENT

UNIT 1. Costs in hospitality industry.

UNIT 2. Fixed costs & variable costs.

UNIT 3. Hospitality accounting systems.

UNIT 4. Key performance indicators.

Case study analysis

Case study cost accounting unit 1: exercises on first approach to cost accounting.

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Case study cost accounting unit 2: a hotel's income statement.

Case study cost accounting unit 3: developing an activity-based costing system.

Relation to other disciplines of the study program

- Module III. Food and beverage management.
- Module IV. Purchasing management and suppliers.

Assessment system

June Call:

- **Individual work:** 70% of total grade
- **Group presentation in class:** 30% of total grade

September Call:

- **Individual work:** 70% of total grade
- **Group presentation:** 30% of total grade (scored in June Call)

Bibliographic references

Basic bibliography

ORNGREN, T.; DATAR, S.M. and RAJAN, M.V. (2015). *Cost accounting: a managerial emphasis*. Pearson.

KINNEY, M.R.; RAIBORN, C.A. (2011). *Cost accounting. Foundations and evolutions*. Cengage Learning.

Complementary bibliography

HARRIS, P.J. (1998). *Accounting and finance for the international hospitality industry*. Elsevier.

JAGELS, M.G.; COLTMAN, M.M. (2004). *Hospitality management accounting*. John Wiley and Sons.

MONCARAZ, E.S.; PORTOCARRERO, N.J. (1986). *Financial Accounting for Hospitality Management*.

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Webs related

- ✓ Accounting tools: www.accountingtools.com
- ✓ Accounting tools: www.accountingcoach.com
- ✓ Investopedia: www.investopedia.com
- ✓ Hospitality Industry: www.setupmyhotel.com
- ✓ Hospitality Industry: www.hotel-usali-experts.com

Study recommendations

There are not study recommendations.

Instructional materials

Not needed.