

Management Accounting

Intended Module Learning Outcomes

On successful completion of this module learners will be able to:

1. Recognise and explain the component features involved in management accounting in terms of decision making, planning and control of costs and profits
2. Identify and assess new management accounting techniques being developed and implemented by pro-active organisations in the international hospitality industry
3. Define the principles of costing and apply them in industry situations
4. Describe costs by classification, behaviour and purpose
5. Assess the performance of a business from both a financial and non-financial perspective
6. Identify and explain cost behaviour patterns and apply cost-volume-profit analysis
7. Prepare and present budgets for planning, control and decision-making
8. Calculate, interpret and investigate basic sales and cost variances
9. Use management accounting techniques to make and support decision-making
10. Explain the process of payroll and the statutory deductions which employers must comply with.

Module Objectives

This module is designed to strengthen and develop the learners' financial accounting ability and provide a thorough grounding in management accounting systems and procedures operated in the hospitality industry. The module aims:

- 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 Curriculum

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

Payroll

- Introduction to payroll
- Statutory deductions

- Pay slip requirements
- Payroll packages.