



Contents

Preface	ix
Foreword	xiii

Chapter 1

Introduction to Numbers, Accounting, and Financial Analysis	1
Numbers: The Lifeblood of Business	3
Career Success Model	6
The Three Main Financial Statements	9
Revenues: The Beginning of Financial Performance	15
Profit: The Ultimate Measure of Financial Performance	20
Summary	23
Hospitality Manager Takeaways	24
Key Terms	24
Formulas	25
Review Questions	26

Chapter 2

Foundations of Financial Analysis	27
Fundamental Methods of Financial Analysis	28
Comparing Numbers to Give Them Meaning	30
Measuring Change to Explain Performance	32
Using Percentages in Financial Analysis	34
Four Types of Percentages Used in Financial Analysis	35
Trends in Financial Analysis	39
Summary	41
Hospitality Manager Takeaways	42
Key Terms	42
Formulas	43
Review Questions	43
Problems	43

Chapter 3

Accounting Department Organization and Operations	47
Organization Charts	48
Accounting Operations in Full-Service Hotels	57
Accounting Operations in Restaurants and Smaller Hotels	62
Summary	64
Hospitality Manager Takeaways	65
Key Terms	65
Review Questions	66

Chapter 4

The Profit and Loss (P&L) Statement	67
Hotel Consolidated P&L Statements	69
Formats for a Consolidated P&L	75
Department P&L Statements	82
Summary	84
Hospitality Manager Takeaways	85
Key Terms	86
Review Questions	87

Chapter 5

The Balance Sheet (A&L) and Statement of Cash Flow	89
The Balance Sheet or Asset and Liability (A&L) Statement	90
Working Relationships between the Balance Sheet and the P&L Statement	99
The Statement of Cash Flow	101
Summary	107
Hospitality Manager Takeaways	108
Key Terms	108
Review Questions	109

Chapter 6

Hotel Management Reports	111
Internal Hotel Management Reports	112
Daily Reports	113
Weekly Internal Management Reports	125
Monthly Internal Management Reports	127
Summary	131

Hospitality Manager Takeaways	132
Key Terms	132
Review Questions	133

Chapter 7

Revenue Management	135
REVPAR: Revenue per Available Room	136
Rate Structures and Market Segments	141
Revenue Management Systems	143
Selling Strategies	147
Summary	149
Hospitality Manager Takeaways	150
Key Terms	150
Review Questions	151

Chapter 8

Comparison Reports and Financial Analysis	153
Profitability: The Best Measure of Financial Performance	154
Review of Chapter 2: Foundations of Financial Analysis	159
Variation Analysis	161
STAR Market Report	167
Summary	170
Hospitality Manager Takeaways	170
Key Terms	171
Review Questions	171

Chapter 9

Forecasting: A Very Important Management Tool	173
Forecasting Fundamentals	175
Types and Uses of Forecasts	176
Revenue Forecasting	182
Wage Forecasting and Scheduling	184
Summary	185
Hospitality Manager Takeaways	186
Key Terms	186
Review Questions	187
Problems	187

Chapter 10

Budgets	229
The Use of Budgets in Business Operations	231
Annual Operating Budgets	234
Formulas and Steps in Preparing a Budget	236
Capital Expenditure Budgets	240
Summary	243
Hospitality Manager Takeaways	243
Key Terms	244
Review Questions	244
Problems	245

Chapter 11

Corporate Annual Reports	249
The Purpose of Corporate Annual Reports	251
The Message to Shareholders	254
The Content of the Corporate Annual Report	257
Financial Results for the Year	261
Summary	262
Hospitality Manager Takeaways	263
Key Terms	263
Review Questions	264

Chapter 12

Personal Financial Literacy	265
Personal Financial Literacy	266
Managing Personal Finances	271
Evaluating Assets and Sources of Income	274
Summary	276
Hospitality Manager Takeaways	277
Key Terms	277
Review Questions	278
Glossary	279
Index	287