

Hospitality Financial Accounting

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With this text, we seek to create a book about the hospitality business that makes the subject clear and fascinating to beginning students. That is our passion: to provide a link between hospitality financial accounting principles, student learning, and the real world.

STUDENT EMPOWERMENT AND SUCCESS

In our effort to create an effective text, we surveyed the market and talked personally to instructors. We heard again and again that the biggest challenges students face are to become motivated to learn how to study and to manage their tasks. We were gratified to learn that our general accounting texts have helped empower students to meet these challenges and have been rated highest in customer satisfaction by both instructors and students.

We have responded to these challenges by making the pedagogical framework of *Hospitality Financial Accounting* strong and the presentation clear. We want to give hospitality students the tools and the motivation they need to succeed in subsequent accounting courses and in their future hospitality careers.

GOALS AND FEATURES OF THIS EDITION

This first edition of *Hospitality Financial Accounting* provides an opportunity to offer to the hospitality discipline a textbook that has set high standards for quality. Reviewers of *Hospitality Financial Accounting* comment positively on the writing style, the use of real-world examples, pedagogical features, and the fact that the textbook is not only about accounting but about business as well.

The primary purpose in creating a financial accounting textbook specifically for hospitality students was to maintain these successful features and improve on them.

- We've carefully evaluated all topics regarding their suitability for and relevance to the beginning hospitality accounting course. Topics beyond the scope of the first hospitality accounting course are not included. Features and topics relevant to today's Internet and e-business environment are included.
- A student's textbook should be as pedagogically effective as possible. *The Navigator*, our guide to the learning process in the book, has been well received and has proven effective for students seeking to improve their study skills. *Action Plans*, which accompany mini-demonstrations ("Do It") and Demonstration Problems in each chapter, help students develop their problem-solving skills.
- The book involves the student in the learning process and ensures that the student understands the *why* as well as the *how*. The message is consistent with the Accounting Education Change Commission recommendations, which encourage an emphasis on communication skills, critical thinking and decision-making skills, ethics, international accounting, and real-world emphasis.
- This book includes user-oriented material. Our reasons were twofold: (1) to accomplish the objectives of the Accounting Education Change Commission, and (2) to demonstrate the relevance of accounting to hospitality students. Most of the user material is in the *Exercises* section

of the end-of-chapter material. These learning activities are designed to develop many skills that will be of use to students in other courses and in life after college, including financial statement analysis skills and the ability to use the Internet. In addition, to give students the opportunity to follow an extended real-world example, we have integrated references to the Hilton Hotels financial statements throughout the book, including Review It questions, ratio presentations, and end-of-chapter assignments.

HIGHLIGHTS IN EACH CHAPTER

CHAPTER 1 *Hospitality Accounting in Action*

- Feature Story on Conrad Hilton and related "A Look Back" exercise with solution
- Complete definitions of financial and managerial accounting
- An Accounting in Action (AIA) e-Business Insight on the impact of Internet use in the hospitality industry

CHAPTER 2 *Accounting Principles*

- Feature Story on revenue and expense recognition and reporting
- Detailed coverage of the Uniform System of Accounts and Financial Reporting
- AIA Business Insights on expense reporting for casinos and profit margin expectations in hospitality businesses

CHAPTER 3 *The Recording Process*

- Information on electronic data processing in the preparation of managerial reports

CHAPTER 4 *Adjusting the Accounts*

- Discussion of accrual-basis versus cash-basis accounting at the beginning of the chapter
- An AIA e-Business Insight on revenue from a Web-site ad space

CHAPTER 5 *Completion of the Accounting Cycle*

- Feature Story on Rhino's Foods, Inc. about educating employees on the financial health of the company as a motivational tool
- An AIA e-Business Insight on the monthly billing of a private club

CHAPTER 6 *Subsidiary Ledgers and Special Journals*

- Feature Story on the different managerial opportunities in the hospitality industry
- Detailed discussion of the various journals in accounting

CHAPTER 7 *Accounting for Merchandising Operations in Hospitality*

- Feature Story on how foodservice companies set prices while maintaining a profitable margin
- Emphasis on a simplified coverage of the perpetual inventory system
- Information on how to use a worksheet

CHAPTER 8 *The Statement of Cash Flows*

- Feature Story "Cash Is King" emphasizing the importance of cash to the success of a hospitality company

- Detailed discussion of the direct and indirect methods of the statement of cash flows

CHAPTER 9 Payroll

- Feature Story on the importance of service in the hospitality industry and the impact of labor cost wages to the success of a company
- A Technology in Action focuses on payroll fraud and how to avoid it
- Important information on the Fair Labor Standards Act
- Complete coverage on Tipped Employees and Tips Credit, an important accounting function for service-based industries

CHAPTER 10 Inventories, Cost Calculations, and Internal Controls

- Detailed analysis of food and beverage cost calculations and inventories in foodservice operations
- An illustration of the effects of inventory errors on two years' income statements
- A Technology in Action on the importance of controls in saving money

CHAPTER 11 Accounting for Receivables and Payables

- A discussion of credit policies and the importance of the use of credit in the hospitality industry

CHAPTER 12 Long-Term and Intangible Assets

- Feature Story highlighting Homestead Resort and its preparation for the 2002 Winter Olympics
- Full coverage of the four depreciation methods
- Discussion of MACRS

CHAPTER 13 Sole Proprietorships, Partnerships, and Corporations

- Full discussion of the formation of sole proprietorships, partnerships, and corporations, including S-corporations

APPENDIX Specimen Financial Statements

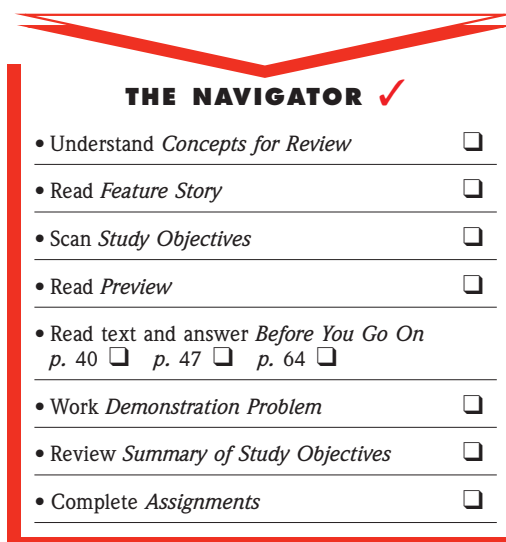
- Hilton Hotels Corporation

PEDAGOGICAL FRAMEWORK

Hospitality Financial Accounting provides tools to help students learn accounting concepts and procedures and apply them to the real world. It places increased emphasis on the processes students undergo as they learn.

Learning How to Use the Text

- A **Student Owner's Manual** begins the text to help students understand the value of the text's learning aids and how to use them.
- Chapter 1 contains **notes** that explain each learning aid the first time it appears.
- Finally, **The Navigator** pulls all the learning aids together into a learning system designed to guide students through each chapter and help them succeed in learning the material. It consists of (1) a checklist at the beginning of the chapter, which outlines text features and study skills they will need, and (2) a series of check boxes that prompt students to use the learning aids in the chapter and set priorities as they study. At the end of the chapter, students are



THE NAVIGATOR ✓	
• Understand <i>Concepts for Review</i>	<input type="checkbox"/>
• Read <i>Feature Story</i>	<input type="checkbox"/>
• Scan <i>Study Objectives</i>	<input type="checkbox"/>
• Read <i>Preview</i>	<input type="checkbox"/>
• Read text and answer <i>Before You Go On</i> p. 40 <input type="checkbox"/> p. 47 <input type="checkbox"/> p. 64 <input type="checkbox"/>	
• Work <i>Demonstration Problem</i>	<input type="checkbox"/>
• Review <i>Summary of Study Objectives</i>	<input type="checkbox"/>
• Complete <i>Assignments</i>	<input type="checkbox"/>

reminded to return to The Navigator to check off their completed work. An example of The Navigator is above.

Understanding the Context

- **Concepts for Review**, listed at the beginning of each chapter, identify concepts that will apply in the chapter to come. In this way, students see the relevance to the current chapter of concepts covered earlier.
- The **Feature Story** helps students picture how the chapter topic relates to the real world of accounting and business. It serves as a running example in the chapter and is the topic of a series of review questions call **A Look Back at Our Feature Story**, toward the end of the chapter.
- **Study Objectives** form a learning framework throughout the text, with each objective repeated in the margin at the appropriate place in the main body of the chapter and again in the **Summary**. Further, end-of-chapter assignment materials are linked to the Study Objectives.
- A chapter **Preview** links the chapter-opening Feature Story to the major topics of the chapter. First, an introductory paragraph explains how the Feature Story relates to the topic to be discussed, and then a graphic outline of the chapter provides a “visual road map” useful for seeing the big picture, as well as the connections between subtopics.

Learning the Material

- **Financial statements** appear regularly throughout the book. Often, numbers or categories are highlighted in colored type to draw attention to key information.
- **Key ratios**, using data from **Hilton Hotels Corporation 2001 Annual Report**, are examined in appropriate spots throughout the text. Integration of ratios enables students to see in a single presentation two important pieces of information about financial data: how they are presented in financial statements and how users of financial information analyze them.

- The **Accounting Equation** appears in the margin next to key journal entries throughout the text. This feature reinforces the students' understanding of the impacts of an accounting transaction on the financial statements.
- **Key terms** and concepts are printed in blue where they are first explained in the text and are defined again in the end-of-chapter glossary.
- **Helpful Hints** boxes help clarify concepts being discussed.
- **Accounting in Action** boxes give students insight into how real companies use accounting in practice. The AIA boxes, some of which are highlighted with striking photographs, cover business, ethics, and international issues. Of particular interest are the **e-Business Insight** boxes reporting on how business technology is expanding the service provided by accountants.
- **Technology in Action** boxes show how users of accounting information use computers.
- **Color illustrations** visually reinforce important concepts of the text.
- **Infographics**, a special type of illustration, help students visualize and apply accounting concepts to the real world. They provide entertaining and memorable visual reminders of key concepts.
- Marginal **Alternative Terminology** notes present synonymous terms, since terminology may differ in the business world.
- **Before You Go On** sections occur at the end of each key topic and often consist of two parts:
 - * **Review It** questions serve as a learning check by asking students to stop and answer questions about the material covered. **Review It** questions marked with the *Hilton* icon (see right) send students to find information in the Hilton Hotels 2001 Annual Report (excerpted in the Appendix at the end of the text). These exercises help cement students' understanding of how topics covered in the chapter are reported in real-world financial statements. Answers appear at the end of the chapter.
 - * A mini-demonstration problem, in a section called **Do It**, gives immediate practice of the material just covered and is keyed to homework exercises. An **Action Plan** lists the steps necessary to complete the task, and a **Solution** is provided to help students understand the reasoning involved in reaching an answer.
 - * The last **Before You Go On** exercise in the chapter takes students back for a critical look at the chapter-opening Feature Story.
- Marginal **International Notes** introduce international issues and problems in accounting.
- Marginal **Ethics Notes** help sensitize students to the real-world ethical dilemmas of accounting and business.

Putting It Together

- **Demonstration Problems** give students the opportunity to refer to a detailed solution to a representative problem as they do homework assignments. **Action Plans** list strategies to assist students in understanding similar types of problems.

- The **Summary of Study Objectives** relates the study objectives to the key points of the chapter. It gives students another opportunity to review, as well as to see how all the key topics within the chapter are related.
- The **Glossary** defines all the key terms and concepts introduced in the chapter.

Developing Skills Through Practice

- **Exercises** build students' confidence and test their basic skills. Some take a little longer to complete and present more of a challenge. Several exercises stress the application of the concepts presented in the chapter. Each exercise is keyed to one or more study objective.

Expanding and Applying Knowledge

One or two exercises in each chapter offer a wealth of resources to help instructors and students pull together the learning for the chapter. These exercises offer projects for those instructors who want to broaden the learning experience by bringing in more real-world decision-making and critical-thinking activities. The exercises are described below:

- A **Financial Reporting Problem** directs students to study various aspects of the financial statements in Hilton's 2001 Annual Report, which is excerpted in the Appendix at the end of the text.
- **Exploring the Web** exercises guide students to Internet Web sites where they can find and analyze information to the chapter topic.
- The **Group Decision Case** helps build decision-making skills by analyzing accounting information in a less-structured situation. These cases require evaluation of a manager's decision or lead to a decision among alternative courses of action. As group activities, they promote teamwork.
- **Ethics Cases** describe typical ethical dilemmas and ask students to analyze situations, identify the stakeholders and the ethical issues involved, and decide on appropriate courses of action.

SUPPLEMENTARY MATERIALS AND TEACHING AIDS

Hospitality Financial Accounting features a full line of teaching and learning resources developed and revised to help you create a more dynamic and innovative learning environment.

Student success is a major theme of the supplements package. These resources—including print and Internet-based materials—also take an *active learning approach* to help build students' skills and analytical abilities.

- **Web site at www.wiley.com/college.** Recognizing that the Internet is a valuable resource for students and instructors, we have developed a Web site at www.wiley.com/college to provide a variety of additional resources.

Instructor's Resources

For the instructor, we have designed a support package to help you maximize your teaching effectiveness.

Instructor's Manual. The **Instructor's Manual** is a comprehensive resource guide designed to assist professors in prepar-

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not available

ing lectures and assignments, including sample syllabi for the hospitality financial accounting course, evaluating homework assignments, and preparing quizzes and exams. (Also available at www.wiley.com/college.) Each chapter contains the following information:

- **Chapter Review and Lecture Outline:** **Chapter reviews** cover the significant topics and points contained in each chapter. Teaching tips and references to text materials are in the **enhanced lecture outlines**. Further, a twenty-minute quiz in the form of ten true/false and five multiple-choice questions (with solutions) is provided.
- **Solutions:** These are detailed solutions to all exercises in the textbook. Suggested answers to the questions found on the Web site are also included. Each chapter includes a table to identify the difficulty level and estimated completion time of each exercise.
- **Test Bank:** The test bank allows instructors to tailor examinations according to study objectives and content. Each chapter includes exercises as well as multiple-choice, matching, and true/false questions.

PowerPoint Presentation Material. The PowerPoint lecture aid contains a combination of key concepts, illustrations, and problems from the textbook for use in the classroom. Easily customizable for classroom use, the presentations are designed according to the organization of the material in the textbook to reinforce hospitality financial accounting principles visually and graphically. (Available at www.wiley.com/college.)

Student Active Learning Aids

In addition to innovative pedagogy included in the text, we offer a number of valuable learning aids for students. These

are intended to enhance true understanding so that students will be able to apply hospitality financial accounting concepts.

Working Papers. **Working Papers** are accounting forms for all end-of-chapter exercises. A convenient resource for organizing and completing homework assignments, they demonstrate how to correctly set up solution formats and are directly tied to textbook assignments.

Excel Working Papers. Available on CD-ROM, these Excel-formatted forms can be used for end-of-chapter exercises. The **Excel Working Papers** provide students with the option of printing forms and completing them manually, or entering data electronically and then printing out a completed form. By entering data electronically, students can paste homework to a new file and e-mail the worksheet to their instructor.

Self-Study Questions. These online practice tests enable students to check their understanding of important concepts. Located at www.wiley.com/college, the **self-study questions** are keyed to the study objectives and students can go back and review sections of the chapter in which they find they need further work. The quizzes are graded to give students immediate feedback.

Questions. These questions, located at www.wiley.com/college, provide a full online review of chapter content and help students prepare for class discussions and testing situations. Students answer the questions online and then their work is e-mailed directly to their instructor. Instructors can find the answers to these questions in the Instructor's Manual and with the online instructor resources.

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Pomona
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Ancillary Author

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Publications

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