

Chapter 1 Outline

Accounting Defined
Bookkeeping versus Accounting
Branches of Accounting
Organizations Influencing Accounting
Forms of Business Organization
Sole Proprietorships
Partnerships
Limited Partnerships
Limited Liability Companies
Corporations
S Corporations
The Accounting Function in the Hospitality Industry
Principles of Accounting
Cost
Business Entity
Continuity of the Business Unit (Going Concern)
Unit of Measurement
Objective Evidence
Full Disclosure
Consistency
Matching
Conservatism
Materiality
Overview of Financial Statements
Balance Sheet
Income Statement
Statement of Cash Flows
Cash versus Accrual Accounting
The Fundamental Accounting Equation
Effects of Transactions on the Accounting Equation

Competencies

1. Define *accounting* and distinguish it from bookkeeping. (pp. 3–4)
2. Describe the six branches of accounting. (pp. 4–6)
3. Identify and describe organizations that have influenced hospitality accounting practices. (pp. 6–7)
4. Describe basic forms of business organization and their advantages and disadvantages. (pp. 7–10)
5. Describe the responsibilities of a hospitality firm's accounting department. (pp. 10–12)
6. Apply generally accepted accounting principles to hospitality situations. (pp. 13–19)
7. Describe the major types of financial statements: balance sheets, income statements, and statements of cash flows. (pp. 19–23)
8. Describe the fundamental accounting equation and apply it to accounting situations. (pp. 23–27)