

Chapter 2 Outline

Business Segmentation
Financial Reporting Centers
Responsibility Accounting
Expenses
Departmental Expense Accounting
Examples of Hotel Expense Accounts
Cost of Sales
Payroll and Related Expenses
Rooms Department Expenses
F&B Department Expenses
A&G Department Expenses
Marketing Department Expenses
Franchise Fees
POM Department Expenses
Utility Costs
Fixed Charges
Income Taxes
Accounting for Employee Meals
Accounting for Credit Card Fees
Credit Card Fees on Bankcards
Nonbank Credit Card Fees
Bad Debts
Direct Write-Off Method
Allowance Method

Competencies

1. Define business segmentation, and describe its relevance to a hospitality corporation comprising multiple hotels. (pp. 39–46)
2. Define the term “financial reporting center,” and give examples of the major classifications of financial reporting centers. (pp. 46–48)
3. Explain responsibility accounting, identify four broad categories of expenses, and describe the difference between direct and indirect expenses. (pp. 48–49)
4. Describe the cost of sales category of expense accounts, and identify the kind of departments to which this category applies. (pp. 49–52)
5. Describe the payroll and related expenses category of expense accounts, and identify the departments to which this category applies. (p. 52)
6. Identify the typical bookkeeping accounts used to record expenses for the various departments in a hotel property. (pp. 52–61)
7. Describe the special considerations involved in accounting for credit card fees, and differentiate between recording fees for bankcards and non-bank credit cards. (pp. 61–62)
8. Describe two major methods of accounting for bad debts. (pp. 62–67)