

Higher National Unit Specification

General information for centres

Unit title: Hospitality Management Accounting

Unit code: DL3W 35

Unit purpose: This unit is designed to help prepare candidates for the financial management aspects of their work in the hospitality industry. The unit covers the analysis of departmental final accounts for a hospitality operation and introduces cash flow.

On completion of the Unit the candidate should be able to:

1. Compile a statement of cash flows from given information.
2. Prepare a departmental income statement incorporating apportionment.
3. Produce a report recommending action to be taken based on analysis of operating ratios from departmental income statements and other operational information.

Credit points and level: 1 HN Credit at SCQF level 8: (8 SCQF credit points at SCQF level 8*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Recommended prior knowledge and skills: Entry is at the discretion of the centre however it would be beneficial for candidates to have completed the HN Units Hospitality Financial Accounting. It would also be helpful if candidates had a basic knowledge of a spreadsheet applications package.

Core skills: There may be opportunities to gather evidence towards core skills in this Unit, although there is no automatic certification of core skills or core skills components.

Context for delivery: If this Unit is delivered as part of a group award, it is recommended that it should be taught and assessed within the subject area of the group award to which it contributes.

General information for centres (cont)

Assessment: It is recommended that this unit should be assessed under controlled conditions in three parts:

- ◆ prepare a statement of cash flows in Outcome 1.
- ◆ preparing departmental income statements in Outcome 2.
- ◆ An open book assignment based on a case study to prepare operating ratios, analyse and produce a report on the findings to cover Outcome 3.

Higher National Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Compile a statement of cash flows from given information.

Knowledge and/or skills

- ◆ Sources and reasons for movement of cash in flows: - profit, loans, increase in trade payables, decrease in trade receivables, decrease in stock, sale of non-current assets, increase in cash from owner (equity increase), increase in bank overdraft.
- ◆ Sources and reasons for movement of cash out flows: - loss, repayment of loans, decrease in trade payables, increase in trade receivables, increase in stock, purchase of non-current assets, repayment of cash to owner (equity decrease), increase in cash and cash equivalents.
- ◆ Reconciliation of movements in cash and cash equivalents.

Evidence requirements

Candidates must provide evidence that they can analyse and compare given statements of cash flows for a limited company.

With reference to the given statements of cash flow candidates must identify:

- The source of inflows
- The source of outflows
- Significant increases and decreases
- How working equity can be maximised

Assessment guidelines

This assessment should be open book and should be assessed under controlled conditions.

The given statements of cash flows should cover two sequential accounting periods. The statements of cash flows should contain a number of sources and applications. Candidates should highlight the significant differences and explain how the working equity can be managed.

Higher National Unit specification: statement of standards (cont)

Unit title: Hospitality Management Accounting

Outcome 2

Prepare a departmental income statement incorporating apportionment.

Knowledge and/or skills

- ◆ Difference between direct and indirect costs.
- ◆ Methods of apportioning indirect costs: - sales mix, floor area, departmental wage costs, set percentage.
- ◆ Adjusts purchases for opening / closing stock.
- ◆ Calculate departmental gross profit.
- ◆ Calculate departmental 'after labour cost' profit.
- ◆ Apportion costs to give a departmental profit.
- ◆ Prepare a departmental income statement including apportioned costs to show the profit for the year of the operation

Evidence requirements

Each candidate should produce under controlled conditions, a departmental income statement from given information for a hospitality operation with three departments.

Assessment guidelines

The candidate should be given information on departmental sales and expenses and indirect expenses for a hospitality business with three departments. The candidate should also be provided with information on opening and closing stocks and information on the apportionment of three expenses.

Candidates should be provided with a pro forma worksheet to enter the information on. It would be possible to allow candidates to prepare the departmental income statement on a spreadsheet. In this case the pro-forma worksheet should be provided on the spreadsheet and the candidate to show workings should provide a print of the formulae.

Assessment should be closed book under controlled conditions.

Outcome 3

Produce a report recommending action to be taken, based on analysis of operating ratios from departmental income statements and other operational information.

Knowledge and/or skills

- ◆ Calculation of operating ratios for a hospitality operation with three departments. Sales mix, raw materials, gross profit, wage cost, after wage profit, departmental expenses, departmental profit, profit for the year.

Higher National Unit specification: statement of standards (cont)

Unit title: Hospitality Management Accounting

- ◆ Calculation of statistics from operating information: room occupancy, bed occupancy and room sales potential (maximum income percentage), stock turnover, and average spend.
- ◆ Analysis of operating ratios from a set of budgeted and actual departmental accounts.
- ◆ Analysis of budgeted and actual statistics for other operating figures.
- ◆ Production of findings based on comparison.
- ◆ Production of recommendations based on findings from ratios and statistics

Evidence requirements

Each candidate is required to produce a report containing his/her findings and recommendations based on their calculations and analysis. This assessment should be open book

Assessment guidelines

A case study should be given to the candidate containing budgeted and actual information on a hospitality operation with three departments. The ratios and statistics for the budgeted information should already be worked out and given to the candidate in the case study as targets to be achieved. The candidate should calculate the operating ratios and other statistical information. The candidate should analyse the figures produced comparing the budgeted and actual results. The assessment should be open book and candidates may wish to use a spreadsheet and produce graphical information to enhance their report. They could be given the budgeted information in electronic form to aid this.

Administrative Information

Unit code:	DL3W 35
Unit title:	Hospitality Management Accounting
Superclass category:	AK
Original date of publication:	August 2004
Version:	03 September 2015

History of Changes:

Version	Description of change	Date
03	Terminology revised to reflect new UK accounting standards i.e. cash flow statement now statement of cash flows trading, profit and loss statement now income statement creditors now trade payables debtors now trade receivables capital now equity net profit now profit for the year	22/09/2015
02	Outcome 1 — removal of ‘limited company’ and removal of methods of maximising capital. Candidates are now required to prepare a cash flow statement.	June 06

Source: SQA

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Higher National Unit specification: support notes

Unit title: Hospitality Management Accounting

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

This Unit covers some of the main accounting work and concepts beyond double entry.

Outcome 1 covers the analysis of statement of cash flows for a limited company. Candidates should cover the flow of funds and the applications of funds for the accounting period.

Outcome 2 covers departmental income statements incorporating apportionment. It would be expected that the three departments would be food, bar and accommodation i.e. a hotel, however it would be acceptable to use other hospitality operations for example, banqueting, restaurant and bar.

Outcome 3 takes the preparation of management accounts further by producing operating ratios and statistics for budgeted and actual income statements and other statistics such as sales mix, room occupancy ratios, percentage of maximum room income. These statistics/ratios are analysed and a report produced which will include recommendations for future action.

Guidance on the delivery and assessment of this Unit

Outcomes 1 is assessed open book and under supervision. The candidate will be required to produce a statement of cash flows showing the inflows and outflows of businesses funds from one year to the next.

Outcome 2 is assessed under supervision, the candidate will be required to produce a departmental income statement.

Outcomes 3 is assessed by the candidate producing statistics and ratios and a report based on a case study. This will be an open book assessment.

Open learning

This unit could be delivered by open or distance learning. It will require planning by the centre to ensure the sufficiency and authenticity of candidate evidence. Arrangements would have to be made to ensure that the assessments were conducted under supervision.

For information on normal open learning arrangements, please refer to the SQA guide, Assessment and Quality Assurance and Distance Learning (SQA, 2000)

Higher National Unit specification: support notes

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Candidates with additional support needs

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Special Assessment Arrangements for Candidates with Additional Support Needs* (BA 2399, SQA, due 2004).

General information for candidates

Unit title: Hospitality Management Accounting

This Unit covers some of the aspects of management accounting that you will require in Hospitality management.

The Unit has three outcomes.

The first outcome covers the analysis of a statement of cash flows. This looks at the sources of business funds and their uses over the financial period.

The second outcome covers departmental accounts for a hospitality business such as a hotel and incorporates apportioned costs.

The third outcome covers the production of ratios and statistics and your analysis of these. You will be given a case study and will be required to produce a report to include calculation of operating ratios, your findings and recommendations.

In order to complete the Unit successfully you will be required to complete three assessments.