

Strategic Managerial Accounting: Hospitality, Tourism and Events Applications

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with Peter Harris**

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Foreword by Professor Peter Harris

This book was first published in 1972 as the second of two volumes, entitled *Accounting & Financial Management in the Hotel and Catering Industry Vol.I* (accounting) and *Vol.II* (financial management). *Vol.I* was revised three times, to 1987 and *Vol.II* revised four times, to 1992.

During their period in publication the structure and content of the volumes underwent a transformation in line with the evolving role of professional hospitality managers and developments in the wider field of accounting; resulting in the volumes being developed latterly as independent titles. With the evolution of management accounting and the growing emphasis on managers understanding the financial implications of planning and business decisions *Vol.II* was revised and retitled *Managerial Accounting in the Hospitality Industry*, 5th edition, 1992.

Throughout the period of the Harris and Hazzard editions we researched, developed and applied emerging, state-of-the-art, generic accounting methods in order to give greater financial insights into hospitality products and services and improve the effectiveness of managers' decision-making. Peter Hazzard's contribution to this process was invaluable, enabling the adaptation and transfer of accounting techniques, traditionally used in production and manufacturing industry, to hospitality sectors of the service industry.

Now, alongside hospitality, the growth in tourism and recent emergence of the events sector makes it timely and relevant to encompass these additional, complementary, service sectors in a single integrated managerial accounting text. Who better to achieve such an undertaking, and take the work forward to a new generation of students and managers, than the three authors of this new landmark edition!

Tracy Jones, Helen Atkinson, and Angela Lorenz are three talented academics whose backgrounds combine professional accounting, service-sector management practice and extensive research and teaching experience. Their knowledge and understanding of hospitality, tourism and events management shines through the explanations, examples, and illustrations presented in the text. I congratulate their results and commend this title.

Peter Harris

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8th August, 2012

Preface to the Sixth Edition

Previously published as *Managerial Accounting in the Hospitality Industry* by Harris and Hazzard, this book has a history of over 30 years. With new authors, this edition has been rewritten, expanded and updated to meet the needs of a modern audience.

There are a number of key changes since the last edition, with many new chapters to keep abreast of current accounting developments. The application of the text has also been expanded to cover various hospitality, tourism and event uses of management accounting, from a management perspective. Management accounting is a specific discipline within accounting, this text takes management accounting tools, but views them from the perspective of managers, hence the title of *Managerial Accounting*, not *management accounting*.

Structure of chapters

Each chapter of the book has a number of standard key features. All chapters start with a section 'Introduction and objectives'; which gives an overview of the purpose and learning objectives of the chapter. At the end of each chapter there is a 'Summary' of the key points from the chapter. Every chapter consciously considers the theoretical context of the subject under discussion. The summary section in chapters is followed by 'References' and advice for 'Further reading' to develop a deeper understanding in specialist aspects of the chapter. The 'Student self-check questions' section aids checking understanding and knowledge of the chapter contents. If applicable, this section includes a numerical question where the student can check their own answers. A 'Further problems' section completes each chapter, the answers to these are available online as part of the book's online resource package.

Online additional resources

This textbook is supported by a number of online resources. For students, the answers to problem questions are available online. For registered tutors, lecture slides, further problems, and answers will aid the use of this book as a core text for many applied undergraduate and postgraduate classes.

Use of hospitality, tourism and events examples

A variety of illustrative examples are used throughout this book. There is a balance of examples covering: local, national and international organisations; commercial and non-commercial organisations; hospitality examples, including various hotel and restaurant illustrations; tourism examples, including transportation, tour operation and tourist facility management; and event sector examples, including music events, festivals, weddings, sporting events, and charitable

events. Where specific management accounting techniques lend themselves more to a specific sector or environment this is stated. Generally, unless specifically mentioned, techniques discussed in the book can be equally applied across these service sector environments (hospitality, tourism and events), the use of a specific example is for illustration of concepts and methods more generally. The authors have experience of teaching students within all these industry sectors and this is reflected in the wide range of examples used within this text.

Specific notes

Each chapter covers a specific topic, some including many numerical calculations, and need much additional supporting explanation, whilst others are more discursive in nature. Given this, chapters do vary considerably in length. The authors have taken a positive decision not to combine some shorter topics into single chapters, or split some topics over two chapters to artificially manage chapter length.

This text focuses on managerial accounting, managers' use of accounting information within organisations. No discipline has a fixed boundary and management accounting does have strong links to aspects of operations management, marketing, financial accounting and financial management. Within this text these links are made to aid students and managers' in fully understanding aspects of management accounting. An example of this is the inclusion of a chapter concerning financing businesses. This chapter supports the users of this text in having a more holistic view of the implications of financing options in relation to managerial accounting implications and decision making.

As managerial accounting focuses on the internal use of accounting information to aid managers, generally it is not concerned with matters of external financial reporting. With this in mind, matters of taxation, including VAT, are excluded when discussing topics such as pricing calculations, as is common within other management accounting texts.

We would like to thank those that have allowed us to use their financial data and information to provide 'real life' examples within this text. Thanks also to HOSPA (formerly BAHA) for allowing the use of questions from their Strategic Management Accounting exam papers.

Tracy Jones, Helen Atkinson, and Angela Lorenz
July 2012