

THE INSTITUTE OF COMMERCIAL MANAGEMENT

SUBJECT SYLLABUS



**Accounting, Purchasing & Cost Control**

## **Financial Position:**

- Exchange & Value
- Capital
- Financial Position
- Separate Entity
- Assets & Liabilities
- The Balance Sheet
- Types of Assets & Liabilities

## **Types of Financial Transaction:**

- Transactions & the Balance Sheet
- The Duality of Transactions & the Money Measurement Concept
- Profit Defined
- Types of Expenditure: the Capital/Revenue Distinction
- Generic Types of Transaction

## **Recording, Processing & Correcting Financial Transactions:**

- The Double-entry System
- Periodic Balancing of the Books
- The Trial Balance
- Types of Error
- The Correction of Errors

## **Preparing the Final Accounts:**

- Calculating Profitability
- The Trading & Profit & Loss Account
- The Accruals Concept
- The Balance Sheet

## **Accounting for Fixed Assets:**

- Definition of Fixed Assets
- Depreciation of Fixed Assets
- Depreciation & the Accruals Concept
- Methods of Depreciation
- Recording, Processing & Reporting Depreciation in the Accounts
- Accounting for the Acquisition & Disposal of Fixed Assets
- The Consistency Concept
- Intangible Fixed Assets

## **Accounting for Stocks:**

- Types of Stock
- Stock Valuation & Profitability
- Control & Verification of Purchasing & Receiving
- Stock Control Systems
- Stock Valuation When Input Prices are Changing

## **Accounting for Credit Transactions:**

- Cash & Credit Transactions
- Debtors & Creditors
- Reconciliation of Statements & Ledger Accounts
- Credit Control
- Provision for Bad Debts

**Accounting for Cash:**

- The Importance of Cash Management
- The Cash Book
- Bank Reconciliations
- Till & Takings Management
- Credit Cards
- The Petty Cash System
- Foreign Currency Exchange
- Ticket Systems for Cash Sales
- Introduction to Cash Flow Statement
- Cash & the Accruals Concept

**Accounting for Employees:**

- The Significance of Employee Costs in HTL Businesses
- Remuneration Methods
- The Payroll System
- Accounting for Employment Costs
- Reporting Employee Costs

**Accounting for VAT:**

- The Principles of VAT
- Rates & Scope of VAT
- Calculating VAT Liability
- Completing a VAT Return & Paying VAT
- Accounting for VAT
- The Mechanics of VAT for Tour Operators & Travel Agents

**Accounting for Recreation & Leisure Clubs:**

- Types of Recreation & Leisure Clubs
- The Distinction Between Clubs & Commercial Organizations
- Sourcing of Income for Recreation & Leisure Clubs
- Measuring & Reporting Income & Expenditure
- Preparation of Final Accounts & Notes

**Accounting for Multiple Ownership:**

- The Partnership Agreement
- The Appropriation of Profit
- Changes to the Partnership
- Partnership Dissolution & Conversion
- Distinctive Features of Limited Companies
- The Final Accounts of Limited Companies
- Corporate Capital Structure

**Costing a Product or Service:**

- Expenses & Costs
- Cost Control & Organizational Structure
- The Three Main Components of Cost
- Calculating the Direct Material Cost
- Calculating the Direct Labour Cost
- Allocation & Apportionment of Overhead Costs
- Calculating the Total Cost of a Product in a Multiproduct, Multidepartmental Business

**Pricing a Product or Service:**

- Pricing Based on Cost Data
- Pricing Decisions Based on Market Conditions
- Pricing to Optimize Profit Using Cost & Market Information
- Pricing Strategies in Special Situations

**Accounting for Contribution:**

- The Behaviour of Cost & Revenue Against Output
- Break-even Analysis
- Contribution Theory
- The Contribution/Sales Ratio
- Evaluating Business Alternatives
- Contribution Theory & Product-mix Decisions
- Profit Maximization Where Resources are Limited
- Make-or-Buy Decisions

**Planning & Budgeting:**

- Strategic Planning
- The Annual Planning Cycle
- Preparing Individual Budgets
- Cash Budgets
- Master Budgets
- Behavioural Aspects of Planning & Budgeting

**Standard Costing & Flexible Budgeting:**

- Monitoring Performance Against Plans & Budgets
- Responsibility for Variances
- Flexible Budgets
- A Standard Costing System
- Calculation of Individual Variances
- The Profit Reconciliation System
- The Variance Analysis Report

**Accounting for Capital Investment Decisions:**

- The Long-term Objectives of a Business
- Capital Investment
- Collecting Data for Project Evaluation
- Evaluating Capital Investment Projects
- Pros & Cons of the Four Methods
- Qualitative Factors in Capital Investment Decisions

**Interpretation & Assessment of Financial Information:**

- Ratios & Comparative Analysis
- Gross & Net Profit Margins
- Primary Performance Ratios
- Return on Capital Employed (ROCE)
- Liquidity Ratios
- Working Capital Efficiency Ratios
- Efficiency Ratios for the Hotel Industry
- Capital Structure & the Risk–Return Relationship
- Cost–Volume–Profit Ratios
- Value-added Ratios
- Other Value-added Ratios
- Weaknesses of Ratio Analysis

**Spreadsheet Applications in Accounting:**

- The Value of Spreadsheets
- Common Commands & Functions
- Preparing the Final Accounts of a Theatre
- Preparing a Product Cost Structure
- Pricing Rooms Using the Hubbart Formula
- Graphing the Revenue & Cost Functions of a Travel Agency
- Graphing a Break-even Chart
- Preparing a Cash Budget
- Examining Alternative Purchase Options
- Comparing Two Hotels in Two Different Market Sectors

**Reading List**

**Main Text:**

Accounting for Hospitality, Tourism & Leisure (2<sup>nd</sup> edition) – Gareth Owen (Prentice Hall)



