

Journal of Hospitality Financial Management

The Professional Refereed Journal of the International Association of Hospitality Financial Management Educators

Volume 16 | Issue 1

Article 8

2008

Hospitality Financial Accounting – 2nd Edition by Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel and Agnes L. DeFranco

Basak Denizci
Hong Kong Polytechnic University

Follow this and additional works at: <https://scholarworks.umass.edu/jhfm>

Recommended Citation

Denizci, Basak (2008) "Hospitality Financial Accounting – 2nd Edition by Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel and Agnes L. DeFranco," *Journal of Hospitality Financial Management*: Vol. 16 : Iss. 1 , Article 8.

Available at: <https://scholarworks.umass.edu/jhfm/vol16/iss1/8>

This Book Review is brought to you for free and open access by ScholarWorks@UMass Amherst. It has been accepted for inclusion in Journal of Hospitality Financial Management by an authorized editor of ScholarWorks@UMass Amherst. For more information, please contact scholarworks@library.umass.edu.

BOOK REVIEW

Hospitality Financial Accounting – 2nd Edition

Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel, Agnes L. DeFranco, John Wiley & Sons, Inc., Hoboken, New Jersey, 2008. Hardcover, 518 pages, ISBN 978-0-470-08360-4.

Hospitality Financial Accounting, Second Edition is enhanced with new feature stories, new case studies on ethics, new international and e-business insight, and revised chapters. Furthermore, it extends the hospitality industry related examples and discussions to country clubs, spas, casinos, cruise lines, travel agencies, etc. New case studies and examples covering a variety of hospitality business reflect wide range of the hospitality industry related businesses and show that hospitality financial accounting is not limited to hotels and restaurants. Throughout the book, there are more exercises that demonstrate the relevance of accounting to all types of the hospitality businesses. This update makes this hospitality financial accounting book different than the others.

The new edition also includes actual financial statements of PepsiCo Inc. along with a new chapter on financial statement analysis. The examples, problems and exercises in the chapters are much more up-to-date and relevant with the revisions, updates and additions. For example, Chapter 1 “Hospitality Accounting in Action” now includes international insight on Chinese accounting policies. Chapter 13 “Long-term and Intangible Assets” now includes feature story on the building of a luxury spa Trellis at the Houstonian. Majority of the feature stories at the beginning of the chapters are also revised and/or updated. In the current state of the fast paced environment and continuous growth of the hospitality industry globally, it is essential to replace the examples and case studies with the more relevant ones. The current version is very successful in doing exactly that.

This book is jointly authored by Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel and Agnes L. DeFranco. Jerry J. Weygandt, Ph.D., C.P.A., is the Arthur Andersen Alumni Professor of Accounting at the University of Wisconsin–Madison. Donald E. Kieso, Ph.D., C.P.A., is the KPMG Emeritus Professor of Accounting at Northern Illinois University. Paul D. Kimmel, Ph.D., C.P.A., is an Associate Professor of Accounting at the University of Wisconsin–Milwaukee. Professor Weygandt, Professor Kieso and Professor Kimmel also jointly authored a very popular and widely used textbook on financial accounting titled “Financial Accounting: Tools for Business Decision Making”. The fourth author, Agnes L. DeFranco, Ed.D., C.H.E., is a Professor in the Conrad N. Hilton School of Hotel and Restaurant Management at the University of Houston. Professor DeFranco serves as the president of the Hospitality Financial and Technology Professionals.

It appears that this book is adapted to hospitality industry from “Financial Accounting: Tools for Business Decision Making” textbook in terms of subjects covered and outline of the chapters. The second edition is very user friendly with its colorful

interior, design and layout of the chapters. The chapters start with “The Navigator”, which guides the students through the chapter by giving instructions about what to review and read in an orderly fashion to ensure the optimum use of learning aids. Each chapter includes concepts for review, a feature story, study objectives, preview of the chapter, summary of study objectives, glossary, appendix and end-of-the-chapter exercises. “Technology in Action” sections are also embedded within the chapters to illustrate how computers are used by accountants and other users. The graphics used throughout the chapters helps the reader to understanding the material. Along with its up-to-date features and examples, this book displays many colorful illustrations and it is pretty clear in the messages that it attempts to explain.

The book is divided into three major sections. Chapter one through Chapter five cover accounting cycle, more specifically analyzing transactions, recording, posting, trial balance, adjustments, closing and post closing trial balance. These five chapters are very thorough in terms of explaining step by step how to record basic journal entries and how these entries relate to the various financial statements (Income Statement, Balance Sheet, Statement of Cash Flows), in a clear and well organized manner.

Chapter six and Chapter seven delve into financial statement and financial statement analysis. Chapter seven “Financial Statement Analysis” is a new addition is a new addition to the book. Authors used Brinker International and a family style independent restaurant, presumably located in a southwestern state in U.S. as an illustration of the selected financial ratios. Landry's Restaurants' financial statements are used in the demonstration problem along with the answers.

Chapter eight through Chapter fourteen focus on comparably advanced topics including accounting for merchandising operations (Chapter eight), inventories and cost of goods calculation (Chapter nine), internal control and cash (Chapter 10), payroll (Chapter 11), accounting for receivables and payables (Chapter twelve), long-term intangible assets (Chapter thirteen) and different forms of business organizations (Chapter fourteen). Highlights of this section include feature stories and ethics cases on Enron, e-commerce, inventory valuation, cash control in a coffee shop, managing payroll, credit card financing and building a spa.

Two appendices are available at the end of the book. Appendix A includes consolidated financial statements of PepsiCo Inc. The pleasant surprise in this edition is the relocation of the subsidiary ledgers and special journals chapters to the appendix. Authors acknowledged that understanding these two topics is relevant however all the work is done with the computers. Therefore, the information relevant to subsidiary ledgers and special journals are secondary compared to the other chapters included in the textbook. The readers can now refer to Appendix B for learn these topics.

Instructor and student supplements of the book are also available. Hospitality Financial Accounting Working Papers, which are accounting forms of all exercises at the end of the chapters, is available in print and soft version. A student companion site is provided for PowerPoint downloads, chapter objectives, and web exercises. Instructor's

supplements include quizzes, review exercises, in-class activities, homework assignments and projects. There is also a companion site for the instructors which includes password-protected instructor's manual, chapter objectives, PowerPoint downloads, solutions, test bank, web exercises and solutions.

Although accounting can come across as a dry subject, this book is interesting to read. The concepts are explained in terms that are easy to understand and grasp. Nevertheless, the textbook is rigorous in its coverage of accounting issues. There are a variety of problems at the end of each chapter to reinforce the learning objectives. Overall, this book is very comprehensive with a clear and consistent layout throughout the chapters.

Relating the theory to practice is the key to keep the students interested and involved during the learning process. The value of this textbook comes in its demonstration of the relevance of accounting to hospitality students, and “Accounting in Action” boxes which give students insight into how companies use accounting in the real world. In this respect, it is very helpful to a first year hospitality management student who needs to learn basics of financial accounting. This book can be also very useful to industry professionals with a limited financial accounting background. It is concise, well-written, and does a good job of explaining the basic concepts.

One recommendation to the authors would be including an answer key to the exercises and problems in the chapters so that students can check if they have the right understanding of the concepts. Solving the problems without knowing the right answer might upset the hospitality students as any form of accounting is generally viewed as a “difficult” subject in all hospitality management degree programs and students do not feel very comfortable working with numbers.

Basak Denizci
Hong Kong Polytechnic University