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HOTEL and RESTAURANT ACCOUNTING

Seventh Edition

Raymond Cote



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About the Author



Raymond Cote

FOLLOWING AN accomplished business career, Raymond Cote became an educator and achieved the rank of full professor at a major hospitality university in the United States. For 18 years, Professor Cote taught undergraduate and graduate courses in hospitality accounting, hospitality financial management, taxation, and advanced accounting subjects. His teaching experience includes setting up hospitality accounting courses in the United States and abroad for an international hospitality college.

In the private sector, he has held the positions of vice president, controller, MIS director, and chief accountant for a major food and lodging corporation. As an entrepreneur, he was president of several business conglomerates consisting of a food and beverage operation, retail and service companies, and a consulting/certified public accounting firm.

Professor Cote is a graduate of the undergraduate and graduate schools of Suffolk University and Burdett College, both located in Boston, Massachusetts. His professional credentials have included Certified Public Accountant (CPA), Certified Computer Professional (CCP), Enrolled Agent (EA) authorized to practice before the Internal Revenue Service, and an Accreditation in Accountancy by the American Council for Accountancy. He held civic and professional positions as President of a Chamber of Commerce and Vice President and Director of Education for the Florida Accountants Association.

Professor Cote has written hospitality accounting textbooks and supporting material for the Educational Institute: *Hotel and Restaurant Accounting*, now in its seventh edition, and *Accounting for Hospitality Managers*, now in its fifth edition. Previous works include another text, *College Business Math* (1984–1988, PAR, Inc.), and numerous training and procedures manuals for private industry.

Preface

HOTEL AND RESTAURANT ACCOUNTING delivers an all-inclusive learning package. Most chapters close with a relevant case study. All chapters feature key terms definitions, review questions, and problems for students to work. Each chapter has been reviewed for its contemporary substance, applicability to the hospitality industry, and conformance with the distinct uniform system of accounts for hotels, stand-alone restaurants, and fast-food operations. Some major changes in this seventh edition include the following:

- Chapter 1 has been reorganized and revised to include new topics such as the concept of fair value and the necessity for accounting.
- Chapter 2's new topics include the feasibility study and purchasing a franchise. The discussions of Subchapter C corporations, Subchapter S corporations, and limited liability companies have been completely revised and updated.
- Chapter 10 has been extensively revised and updated. It presents and explains the hotel income statements issued to stockholders and to internal users. The new internal summary operating statement is in accordance with recommendations in the tenth revised edition of the *Uniform System of Accounts for the Lodging Industry*. In addition, the chapter discusses the statement of gaming operations for hotel casinos.
- Chapter 11, a new chapter, explores various depreciation and amortization methods.
- Chapter 17, also new, discusses business math topics for hospitality managers, such as the calculation of simple interest, cash discounts, and compound, present, and annuity values.

Also available are accompanying materials to complement the text. An instructor's guide containing the solutions to the chapter problems is available to faculty. A supplementary student exercise workbook is available for purchase as well. A corresponding solutions manual is available to instructors.

Author's Website Information

The author owns and frequently updates a website at www.raymondcote.com. The site features hospitality news and other special accounting and hospitality reports.

Author's Gratitude for Exceptional Attention and Service

- *Hotel and Restaurant Accounting* owes its existence to the greatest customers in the world. Thank you.

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- Managing Editor Tim Eaton and the editorial staff do a remarkable job in producing this text. No matter how busy Tim is, he is always available for advice and assistance.
- VP of Customer Service Mari Behrendt and her staff, no matter how busy they are, provide courteous, proficient, and speedy responses to my inquiries and to those of my customers.

I dedicate this work to the cherished memory of my mother and father, Alice and Raymond Cote, with love, honor, and gratitude.