

1. Purposes of accounting systems (10 min)

The European Sports Management Group (ESMG) manages and promotes sporting events and sporting personalities. Its managers are currently examining the following reports and accounting statements:

- a. Income statement to be included in a six-month interim report to be sent to investors.
- b. Five-year projections for expanding into managing sports television networks for satellite television.
- c. Monthly reports of office costs for each of the 14 ESGM offices throughout Europe.
- d. Profitability comparison of cricket tournaments directed by different managers, each of whom receives a percentage of that tournament's profits
- e. Statement showing the revenues ESGM earns from different types of sporting events (for example, squash, triathlon and cricket).

Classify the reports in parts a-e into one of the five major purposes of accounting systems.

2. Value chain and classification of costs (15 min)

Compaq Computer incurs the following costs:

- a. Electricity costs for the kitchen of the hotel restaurant.
- b. Transportation costs for shipping Presario computers to a retail chain.
- c. Payment to David Kelley for the design of a new restaurant interior.
- d. Cost of fruits, cakes and yoghurts purchased from an outside supplier to make breakfast in the hotel
- e. Salary of a chef working on the next creative restaurant menu.
- f. Cost of a visit to a major customer who recently booked a big conference room in the hotel to manage the catering menu.
- g. Using of the competitors' service for testing against potential future services of the company
- h. Payment to Google for running a hotel's advertisements.

Classify each of the cost items in parts a-h into a component of the value chain.

3. Scorekeeping, attention directing and problem solving (15 min)

For each of the following activities, identify the major function (scorekeeping, attention directing or problem-solving) the accountant is performing.

- a. Preparing a monthly statement of Spanish sales for the Accor Hotels marketing vice-president.
- b. Interpreting differences between actual results and budgeted amounts on a performance report for the customer service department of Hilton.
- c. Preparing a schedule of depreciation for a new building in a hotel village in Hawaii.
- d. Analysing, for a Marriott Hotels international operations manager, the desirability of building a new hotel in Ireland.
- e. Interpreting why a London restaurant did not adhere to its food costs budget.
- f. Explaining a Hilton's room department's performance report.
- g. Preparing for the manager of the F&B department, a cost comparison of two suppliers.
- h. Preparing a scrap report for the customer service department of Ibis hotel.
- i. Preparing the budget for the maintenance department of Mont-Blanc Hotel.
- j. Analysing, for a Mont-Blanc restaurant Chef, the impact on production costs of some new food suppliers.