

Essential Financial Techniques for Hospitality Managers

Cathy Burgess

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Design and setting by P.K. McBride

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Being part of a company

- Features of the industry
- Theft
- Stakeholders
- Organisation
- Accounts



Introduction

Some of you may work in a very small business, where you know the owner and everybody else in the organisation. The majority of the businesses in hospitality are small – pubs, restaurants, cafes, visitor attractions and so on.

But for others, you may feel that you are a very small part of a very large organisation. Some hospitality companies are enormous – and may well be part of an even larger conglomerate (a multi-industry, multinational corporation). Businesses change ownership frequently – some of the big names of five years ago are no longer around in the same way, and other previously small names are now big ones.

Whatever the size of the business, you do count, and in this chapter we want to show you how you fit into the larger organisation – whether for now or for the future. We will look at the types of ownership and then the structure of companies and the type of accounts that they do. Later on we will consider two other ways that businesses can operate – under franchise and by management contract – where the building is owned by one entity but run by another.

By the end of this chapter, therefore, you should be able to:

- Distinguish between the different types of company ownership
- Describe the basic format of a company report
- Describe the differences between a franchise and a management contract.

Ownership of business

There are three basic types of ownership – sole trader, partnership and limited company. We will look at each in turn, describe the features and then look at the type of reports they have to produce by law. For the sole trader and partnership these are fairly simple but limited companies (which are generally much larger) have complex reports to produce.

Sole trader

This is one person in business who owns a pub, cafe, shop or similar and probably employs staff to work for them. Maybe you work for one of these. Legally the owner is fully responsible for all the activities of the business – and all the profits or losses. So, if the business fails, they are personally liable for the debts. It's not unusual, therefore, for the sole trader to have very few personal assets – the house, car, personal bank account and so on

Chapter extract

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