

## Course Syllabus

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|----------------------------------|---|
| 1. <b>Program of Study</b>       | B.B.A. (Tourism and Hospitality Management) |
| <b>Faculty/Institute/College</b> | Mahidol University International College    |
| 2. <b>Course Code</b>            | ICTM 213                                    |
| <b>Course Title</b>              | Finance for Travel Industry                 |
| 3. <b>Number of Credits</b>      | 4 (4-0-8) (Lecture-Lab-Self-study)          |
| 4. <b>Prerequisite (s)</b>       | ICTM 210                                    |
| 5. <b>Type of Course</b>         | Required Course                             |
| 6. <b>Session</b>                | Trimester 1, 2, 3 / Every academic year     |
| 7. <b>Conditions</b>             | Maximum number of students is 40            |

### 8. Course Description

Introduction to the Hospitality Industry; methods and importance of tourism and hospitality finance, cash management and its importance; the investment decisions regarding tourism and hospitality projects and capital expenditures; cash control during the various stages of operations; statement of cash flow; an introduction to feasibility studies, financial ratios analysis and working capital.

### 9. Course Objectives

After successful completion of this course, students will be able to

- 9.1 Understand the world of finance.
- 9.2 Analyze financial statements and forecast.
- 9.3 Analyze basic risk and return.
- 9.4 Conduct leverage and cost management analysis.
- 9.5 Analyze price, contribution margin and break-even
- 9.6 Make decision regarding financial management
- 9.7 Calculate capital budgeting

## 10. Course Outline

Week	Topics	Hours			Instructor
		Lecture	Lab	Self-Study	
1	Overview of Finance and Travel Industry <ul style="list-style-type: none"> <li>• What is finance</li> <li>• Forms of business organization</li> <li>• Goals of the corporation</li> <li>• Agency relationship</li> </ul>	4	-	8	Sakunasingha, B.
2	Financial Statements Analysis & Selected Ratios <ul style="list-style-type: none"> <li>• The review of financial statements</li> <li>• Ratio analysis and its importance</li> <li>• Du Pont system</li> <li>• Limitations of ratio analysis</li> </ul>	4	-	8	
3	Financial Forecasting <ul style="list-style-type: none"> <li>• Sales forecast</li> <li>• Projected assets &amp; internal generated funds</li> <li>• Projected additional funds needed and decisions making</li> </ul>	4	-	8	
4	Basic Risk and Return <ul style="list-style-type: none"> <li>• Financial environment, markets, and interest rates</li> <li>• The calculation for risk and return</li> </ul>	4	-	8	
5	Leverage and Cost Management <ul style="list-style-type: none"> <li>• Leverage in a business</li> <li>• Business risk vs. financial risk</li> <li>• Operating leverage, financial leverage</li> <li>• Classification of costs</li> <li>• Variable and fixed costs functions</li> </ul>	4	-	8	
6	Mid-term Examination Cost-volume-profit and Pricing <ul style="list-style-type: none"> <li>• Contribution margin, and break-even</li> <li>• Factors affecting pricing policy</li> <li>• Cost-based approaches for hospitality</li> </ul>	4	-	8	
7	Working Capital Management & Financing Decision <ul style="list-style-type: none"> <li>• Working capital terminology</li> <li>• Working capital investment and financing policies</li> <li>• Advantage and disadvantage of short term financing</li> <li>• Short-term bank loans</li> <li>• Current assets management</li> </ul>	4	-	8	

Week	Topics	Hours			Instructor
		Lecture	Lab	Self-Study	
8	Time Value of Money <ul style="list-style-type: none"> <li>• Future value</li> <li>• Present value</li> <li>• Annuity</li> <li>• Periodic rate and Effective rate</li> </ul>	4	-	8	Sakunasingha, B.
9	Cost of Capital <ul style="list-style-type: none"> <li>• Sources of capital</li> <li>• Component costs</li> <li>• WACC</li> </ul>	4	-	8	
10	Basic Capital Budgeting <ul style="list-style-type: none"> <li>• Importance of capital budgeting</li> <li>• Steps to capital budgeting</li> <li>• Project terms and classifications</li> <li>• Key techniques in capital budgeting</li> </ul>	4	-	8	
11	Distributions to Shareholders <ul style="list-style-type: none"> <li>• Theories of Investor Preferences</li> <li>• Signaling effects</li> <li>• Stable dividend</li> <li>• Residual dividend model</li> <li>• Stock Split and Stock Dividend</li> </ul>	4	-	8	
<b>Total</b>		<b>44</b>	<b>0</b>	<b>88</b>	
<b>Final Examination</b>					

NB. The course is subject to change without prior notice to fit the changing tourism circumstances.

### 11. Teaching Method (s)

- 11.1 Lectures
- 11.2 Case studies
- 11.3 Discussion
- 11.4 Assignments

### 12. Teaching Media

- 12.1 LCD overhead projector
- 12.2 PowerPoint
- 12.3 Multimedia resources
- 12.4 Handouts
- 12.5 Text books

### 13. Measurement and evaluation of student achievement

Student achievement is measured and evaluated by

- 13.1 the ability in understanding the world of finance.
- 13.2 the ability in analyzing financial statements and forecast.
- 13.3 the ability in analyzing basic risk and return.
- 13.4 the ability in conducting leverage and cost management analysis.
- 13.5 the ability in analyzing price, contribution margin and break-even.
- 13.6 the ability in making decision regarding financial management
- 13.7 the ability in calculating capital budgeting

Student's achievement will be graded according to the faculty and university standard using the symbols: A, B+, B, C+, C, D+, D, and F.

Students must have attended at least 80% of the total class hours of this course.

Ratio of mark

1. Pop Quiz & Class attendance	10 %
2. Group Project	30 %
3. Midterm Examination	30 %
4. Final Examination	30 %
<b>Total</b>	<b>100%</b>

### 14. Course evaluation

14.1 Students' achievement as indicated in number 13 above.

14.2 Students' satisfaction towards teaching and learning of the course using questionnaires.

### 15. Reference (s)

Andrew W., Damitio J. and Schmidgall R. (2007). *Financial Management for the Hospitality Industry*. USA: Prentice Hall.

Block S., and Hirt G. (2005). *Foundations of Financial Management* (11<sup>th</sup> ed.). USA: McGraw Hill.

Brigham E. and Houston J. (2004) *Fundamental of Financial Management* (10<sup>th</sup> ed.). USA: Thomson South-Western.

Chatfield R. and Dalbor M. (2005) *Hospitality Financial Management*, USA: Pearson Education.

Guilding C. (2002) *Financial Management for Hospitality Decision Makers*, USA: Elsevier Butterworth-Heinemann.

## **16. Instructor (s)**

Dr. Benjalux Sakunasingha (Ben)  
Part-time Lecturer  
Travel Industry Management Division  
Mahidol University International College  
Mobile +66 (08) 9809-8065  
Email [benjalux@viva.in.th](mailto:benjalux@viva.in.th)

## **17. Course Coordinator**

Assistant Professor Sompong Amnuay-ngerntra  
Vice Chairman  
Travel Industry Management Division  
Mahidol University International College  
Tel. +66 (0) 2441-4090 ext. 1214  
Fax +66 (0) 2441-9745  
Email [icsompong@mahidol.ac.th](mailto:icsompong@mahidol.ac.th)