HOTEL BRITAIN

BACK IN BUSINESS

JULY 2023

IDEAS | PEOPLE | TRUST

BDO

HOTEL BRITAIN REPORT 2023

BACK IN BUSINESS

Welcome to the Hotel Britain Report 2023. Whether you get your news online, through social channels or hard copy form, you cannot escape a seeming national pessimism about the current state of affairs. And while there is no denying that current trading can be challenging, there is also no doubt that most businesses are better prepared to be agile and responsive to changes in customer behaviour and market trends than pre-pandemic. We believe we should be celebrating the innovation, dynamism and resilience of the hospitality sector which is so vital to the UK economy.

It might be cautious optimism but for a lot of operators there is belief that the foundations of well run businesses with a clear value proposition (at whichever market segment they operate in) are strong. If rate can be held, with occupancy held stable (or even growing!) then we can look forward to the sector being back in business.

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A WORD FROM **MARK EDWARDS**

HEAD OF LEISURE AND HOSPITALITY

I feel immensely privileged to interact with so many fantastic businesses in the sector and to see the foundations laid as a result of so much hard work over the last three years to cope and adapt to what feels like ever changing market conditions. While trading results for a lot of operators have been better than expected there is no complacency from any operator I speak to but instead a focus on maintaining resilience in mindset but beginning to budget and plan more effectively as we establish the new normal.

Most of us haven't dealt with inflation or interest rates being at the levels they currently are while in decision making positions and so it would be folly to suggest that delivering consistent bottom line returns over the next few years won't be extremely hard work. So, where should businesses focus their efforts:

1 CUSTOMER

We know that fighting for discretionary spend is going to be increasingly important and it is always easier to extract an extra pound from an existing customer than acquire a new one so having a clear value led proposition and ensuring customers act as advocates will be crucial.

2 PEOPLE

The immediate crisis point for hospitality may have passed with significant resetting of pay at most levels but there is no denying that if occupancy does pick up there will be a war for talent, or perhaps even simply a war for bodies. Investing in and promoting a workplace culture which aims to attract, retain and train staff to engage and encourage commitment will be key to protect the bottom line and the service levels which are essential to maintain rate.

3 CAPEX

In previous challenging trading environments we have seen operators fall into a downward trading spiral as a lack of investment in product leads to declining revenues. There is a lot of new product coming to the UK market over the next 12-24 months and so planning capex appropriately should be a key board focus.

4 FINANCING

With interest rates increasing, just like the personal mortgage market, considering future funding obligations and their costs will be key for longer term planning and while we had hoped UK interest rates may have peaked, latest data suggests this may not be the case. For lease operators funding is already proving more challenging and while secured lending is available the previously open market is getting tighter.

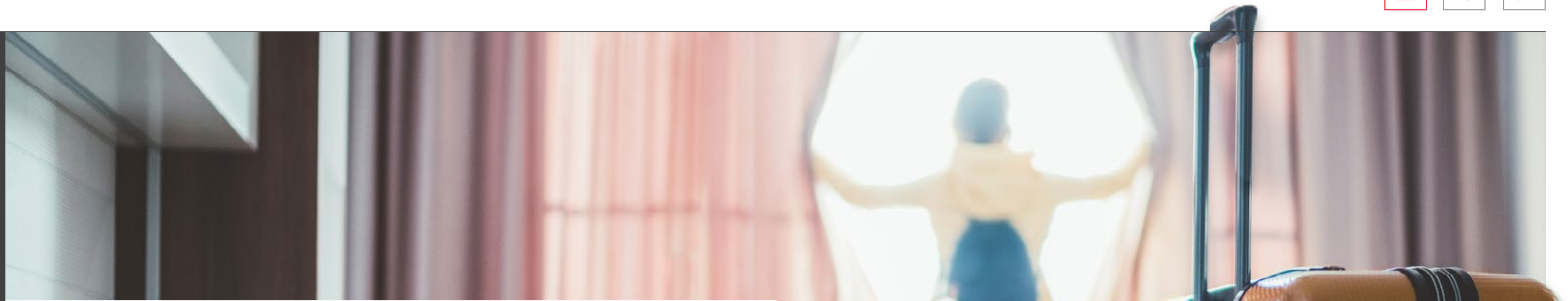
5 SUSTAINABILITY

We focused on this last year so if you didn't see that report, I highly recommend it, but there is no doubt that this issue isn't going away. As the UK and others began to firm up on their net zero plans and as customers (leisure and corporates) become more engaged and informed about sustainability credentials expect greenwashing shaming to be a media theme over the next 12-18 months. Therefore, having clearly articulated plans and commitments should remain a priority.

Certainly trading conditions remain challenging, but I am confident that operators who remain agile and focused on their proposition, people, property and longer term investment and financing will prosper. I wish the very best to all operators over the next 12 months and beyond.

MARKET OVERVIEW

UK HOTELIERS TOASTED KING CHARLES III AS THE CORONATION DELIVERED AN ESTIMATED £350M BONUS TO THE HOSPITALITY SECTOR, ACCORDING TO INDUSTRY BODY UKHOSPITALITY. THAT, ALONG WITH EUROVISION, WAS DUE TO BOOST HOSPITALITY REVENUES BY £1BN IN MAY - A WELCOME RELIEF AS HOTEL OPERATORS CONTINUE TO FACE CHALLENGES.

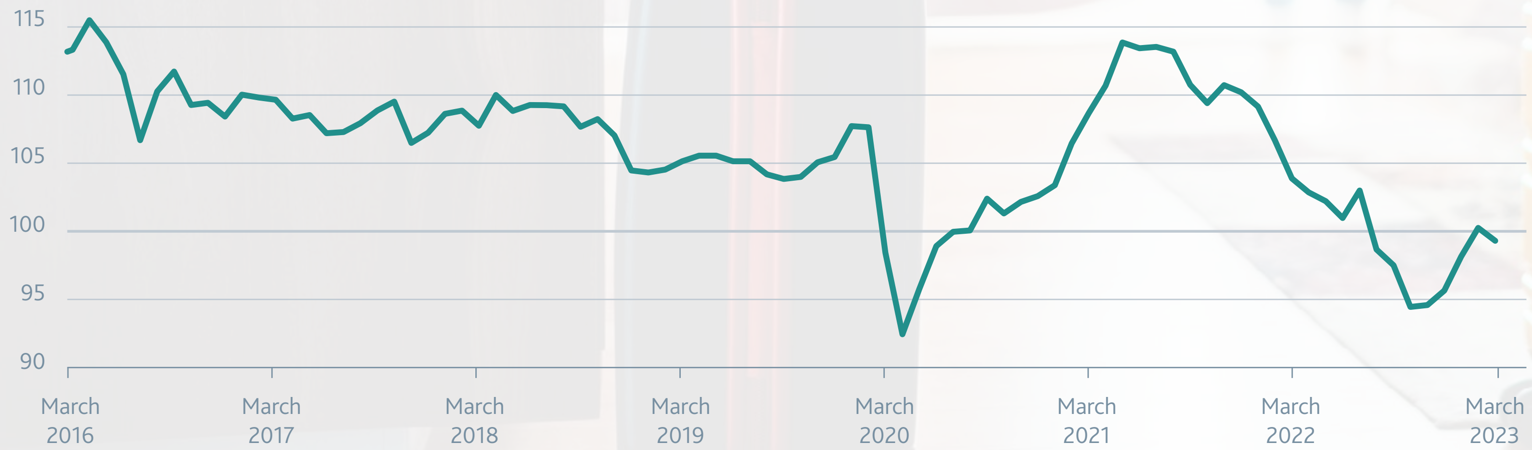


While accommodation and food services companies are managing to sustain annual earnings growth of between 4% and 5%, consumer attitudes to discretionary spending - although better in the first quarter of 2023 than the last of 2022 - are still in negative territory.

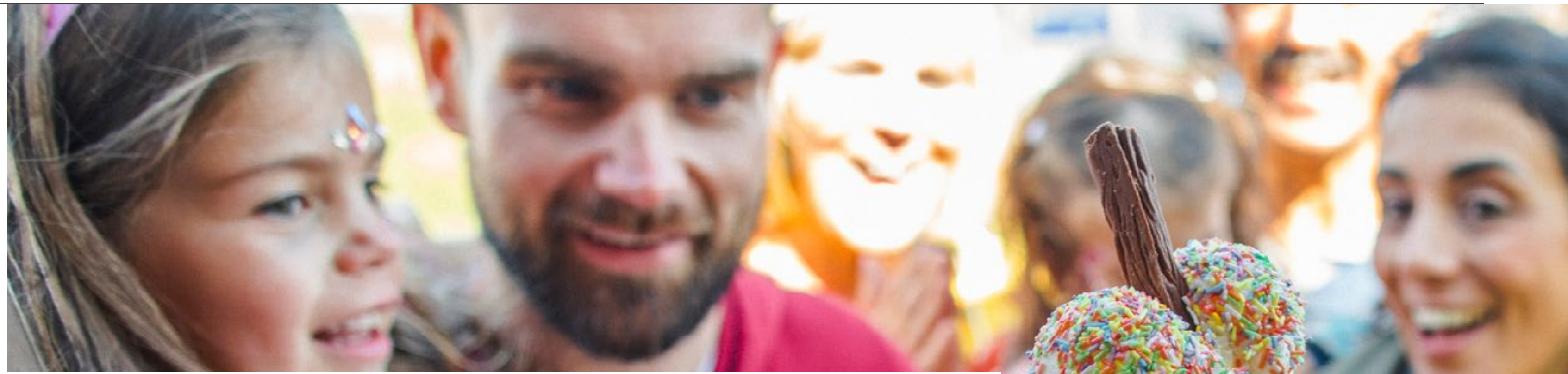
Consumer confidence, creeping up from doldrums in the second half of 2022, looked set to turn positive at the start of 2023 but fell again in March, based on YouGov data in the April Consumer Confidence Index from the Centre for Economics and Business Research (CEBR).

YouGov/Cebr Consumer Confidence Index

Axis value is 100. A score of <100 represents a negative score; a score of 100 represents a neutral score; a score of >100 represents a positive score.

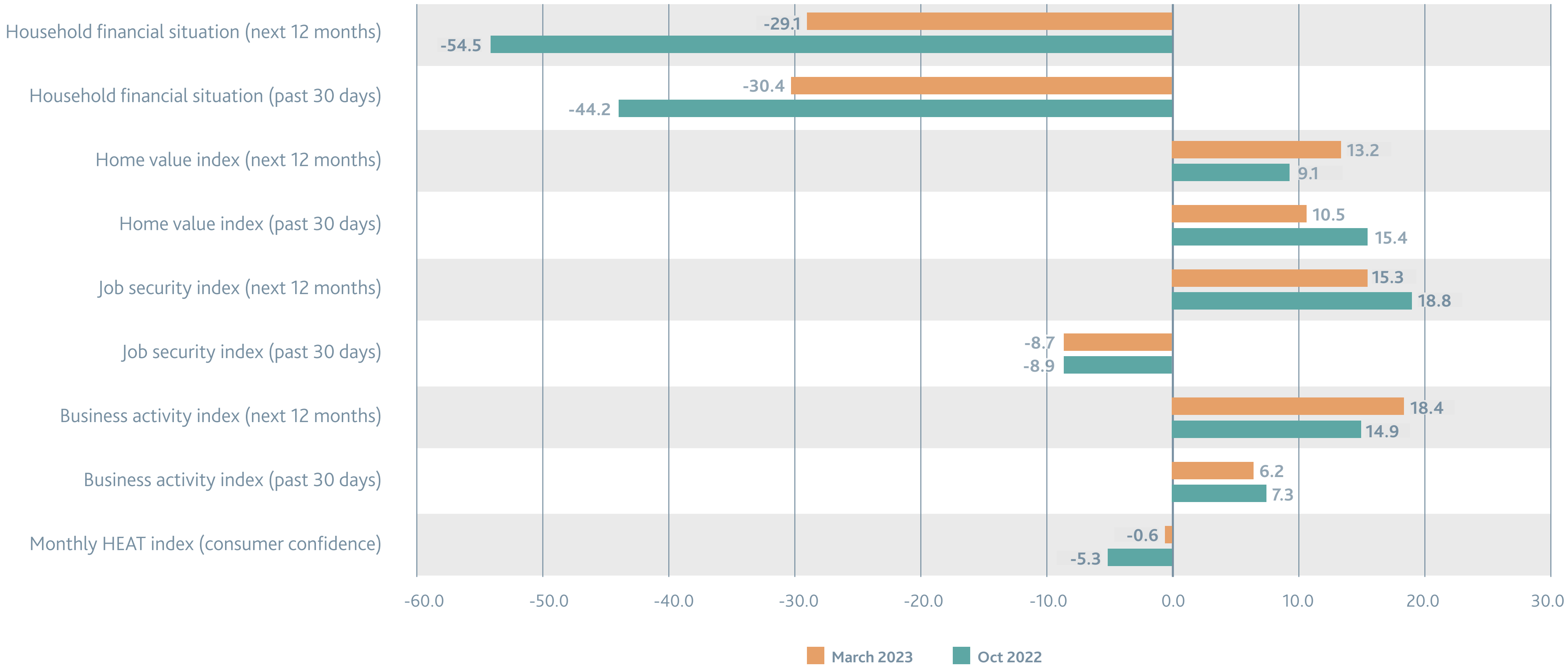


Source: YouGov/Cebr Household Economic Activity Data, March 2023



Although the financial situation for UK households has improved since the October 2022 edition of the Consumer Confidence Index, it remains downbeat, with job security prospects and business activity both falling from previously positive scores. Financial pressures are acting as a drag on the discretionary spending.

The CEBR believes this will not return to pre-pandemic levels until the end of 2023, in line with falling inflation.

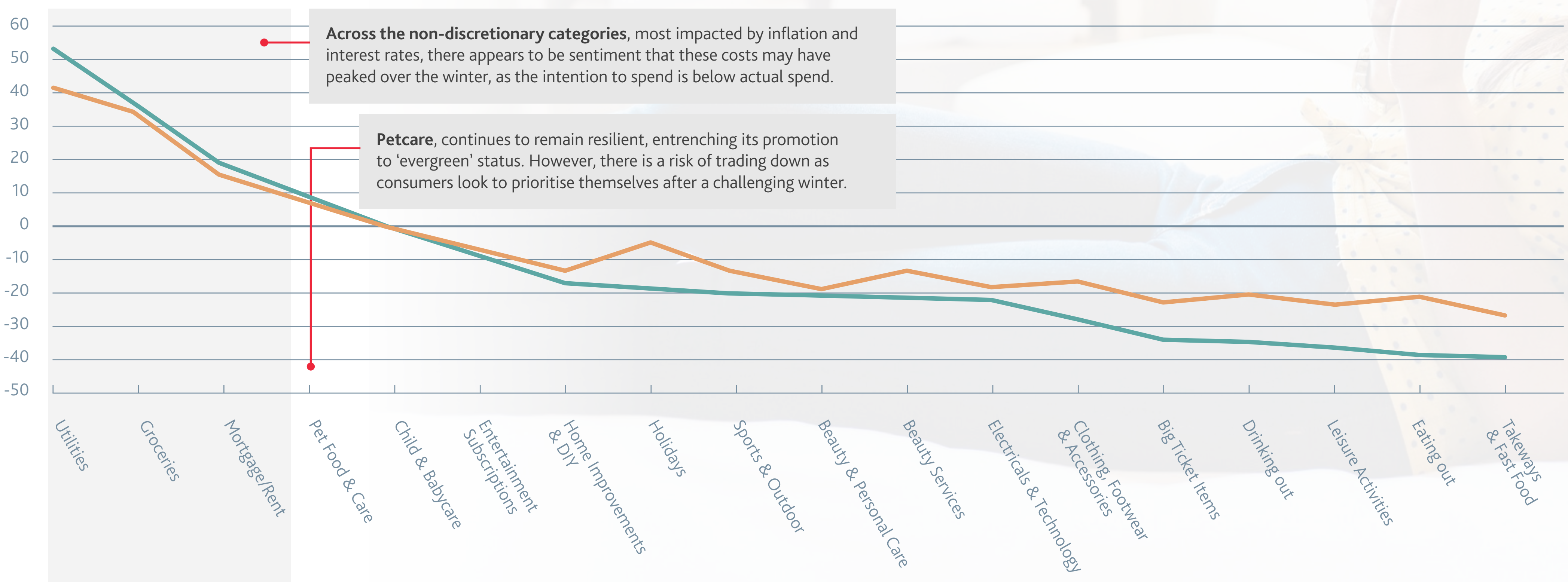


There are encouraging signs that an appetite for discretionary spending may be returning, however. BDO's March 2023 Consumer Confidence Study showed net spending intention for the coming six months was less negative than spend over the previous half year for a wide range of categories.

Holidays was one category where net spending intention came close to becoming positive over the next six months. Going out to eat and drink were also areas where spend intention was improving, albeit remaining negative overall.

Net spend and net spend intention, by category

Across the following categories, how has your spending changed in the past six months?
Looking ahead, how do you anticipate your spending to change in the next six months? (n: 1,000)



WHO IS STILL SPENDING?

Most consumers are resigned to digging into their savings to fund their spending habits for now, and unsurprisingly this sentiment is strongest among those who have the least.

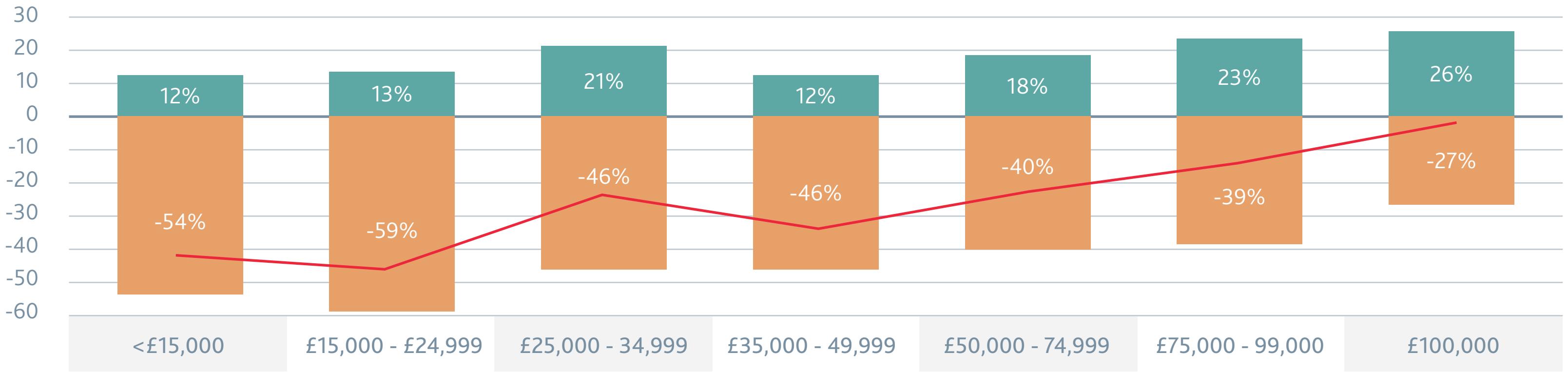
Only 12% of people on less than £15,000 a year expect their savings to increase over the next six months, the BDO Consumer Confidence Study says, while 54% anticipate their money in the bank will fall. The outlook for those with earnings between £15,000 and £24,999 was similar if not gloomier.

It is only among consumers with an income of more than £100,000 a year that no real net change in savings is expected, signalling that hotels catering to high-end customers may be less exposed to revenue downturns in 2023.

The youngest age bracket of workers, between 18 and 24 years old, expect current macroeconomic conditions to have the least impact on their savings - perhaps because they may not be able to save in the first place, or have less saved up, and less to lose, than older groups.

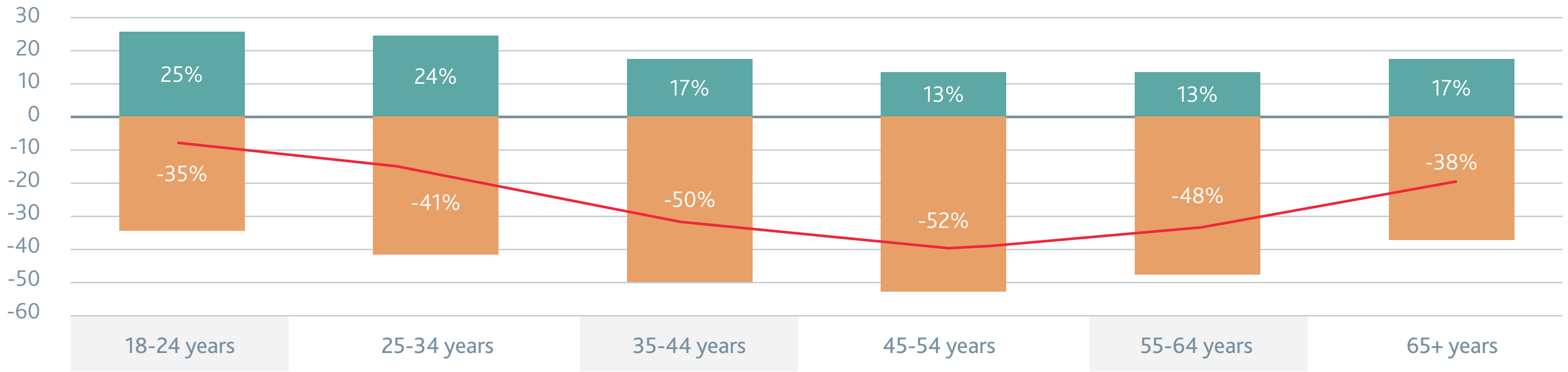
Net change in savings, by income

Looking ahead, how do you anticipate your spending to impact your savings in the next six months? My savings will increase / decrease / stay the same (n=1,002).



Net change in savings, by age

Looking ahead, how do you anticipate your spending to impact your savings in the next six months? My savings will increase / decrease / stay the same. (n=1,002).



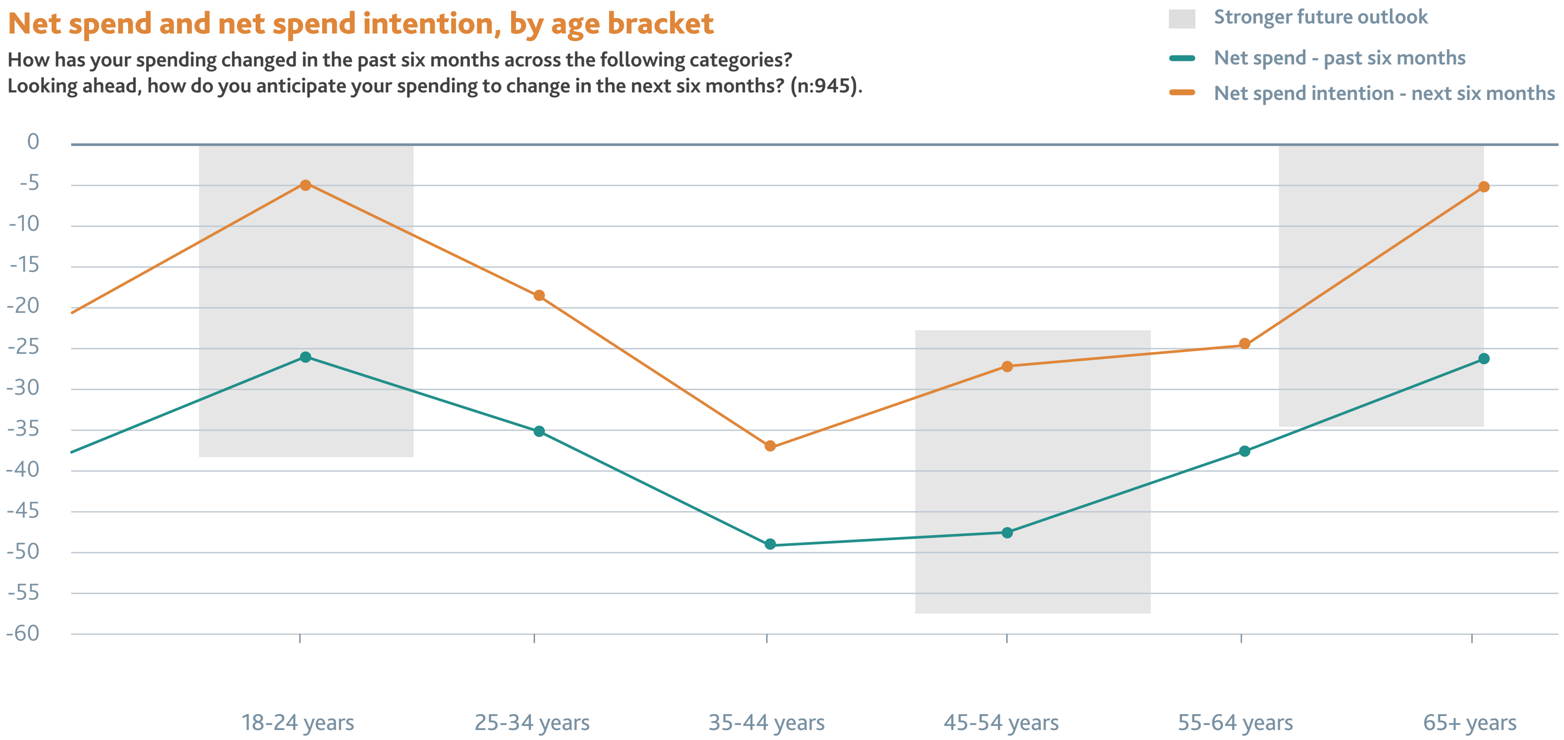
The big difference between the opposite ends of the age spectrum is that the older customers are half as likely as the youngsters to have switched to lower-cost brands in the last six months. Among 18-to-24-year-olds, a third of consumers say they have traded down to cheaper dining-out brands, showing that younger consumers are feeling the pinch more keenly.

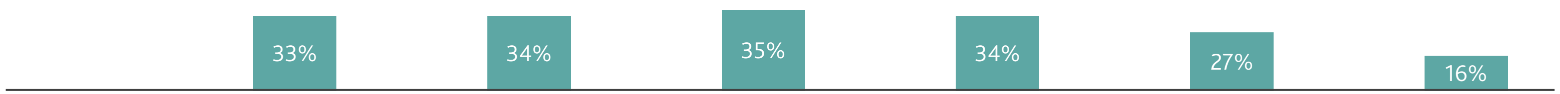
Similar trends are seen in drinking out spending intentions, although it is unclear to what extent Gen Z and young Millennials' thirst for summer drinks will benefit hotels as opposed to pubs and bars.

A key challenge for the hospitality sector is that consumers' predominant reaction to financial worries in 2023 is to cut back on going out, rather than taking advantage of special offers or seeking cheaper venues. This means hotel operators will have to work harder to attract customers.

Net spend and net spend intention, by age bracket

How has your spending changed in the past six months across the following categories? Looking ahead, how do you anticipate your spending to change in the next six months? (n:945).





Percentage of consumers who have switched brands to save money in the last six months, by age bracket

Have you switched your preffered brand in the last six months to save money?

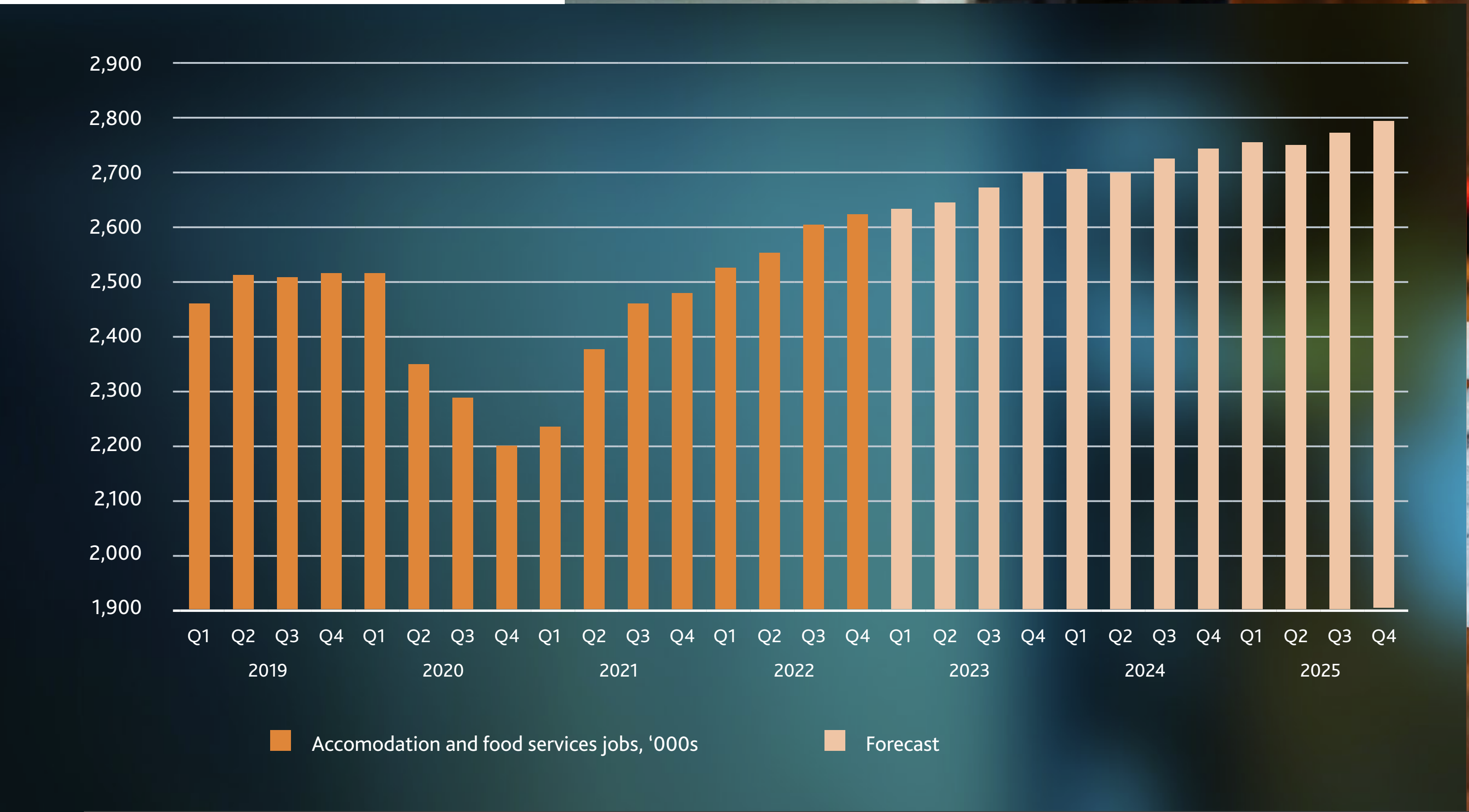
Although many consumer spending fundamentals are beginning to trend in a positive direction, the fact remains that UK households are increasingly squeezed for cash. Consumer spending rose at roughly half the pace of inflation in April 2023.

The UK's allure for foreign visitors, meanwhile, is likely to be diminished while inflation remains high. In March 2023, UK inflation was 10.1%, more than twice that of the US and 3.2 percentage points higher than the euro zone. This could make UK hotels a costly proposition for foreigners even if exchange rates remain steady.

Despite a few positive signs, it is clear the hotel sector is still far from being out of the woods - and it will take more than pageantry to change the industry's fortunes for now.

EMPLOYMENT TRENDS

The number of accommodation and food service jobs is now up more than 4% on pre-pandemic levels, according to the CEBR. But hotel operators are still struggling to find staff, with hospitality vacancies almost 60% above the pre-pandemic average.



A need to address this situation saw UKHospitality celebrate Budget measures to encourage people back to work.

"With hospitality businesses continuing to struggle with vacancies running at 56% higher than pre-pandemic levels, the measures announced today are significant in incentivising people back into work and hopefully alleviating crippling labour shortages," said the trade body's chief executive, Kate Nicholls.

Before the Budget, hospitality business leaders had called on Chancellor Jeremy Hunt to tackle inflation or face job losses.

Failing to reform areas such as business rates and the apprenticeship levy "would mean the loss of jobs and livelihoods, ripping the heartbeat out of communities and robbing the economy of a powerful force for growth, employment and recovery," Nicholls said.

One policy that hotel operators will be watching with interest is an increase in draught relief that comes into effect from the start of August 1.

Designed to insulate bars and pubs from a planned increase in duty rates on all alcoholic products, relief rates will rise from 5% to 9.2% for beer and cider and 20% to 23% for wine and spirits. This could allow hotel bars to offer alcoholic drinks at rates that are competitive with supermarkets, depending on the margin taken.

HOTEL OCCUPANCY TRENDS

WILL REVPAR REVENUES CONTINUE TO OUTPERFORM THE RISING COST OF BUSINESS IN 2023? THAT IS THE QUESTION FACING MANY HOTELIERS FOLLOWING WHAT REAL ESTATE CONSULTANTS KNIGHT FRANK SAID WAS "A STRONG TRADING PERFORMANCE" IN 2022.

UK hotels saw 70% occupancy from April to October 2022, Knight Frank said in its annual UK hotel trading performance review, with regional establishments seeing a 3.5% increase in revenue per available room (RevPAR) compared to 2019 figures, which serve as a baseline for the industry post-COVID-19.

These figures were welcome after the desperate situation caused by the pandemic, which saw London hotel occupancy levels averaging just 12% for the 15 months up to June 2021. London occupancy levels grew 48% from January to September 2022 alone, hitting 70%, while average daily rates went up 58% to £232.

By September, hoteliers in the capital had managed to achieve a 21% premium on average daily rates in 2019, even though occupancy remained 10% below the levels seen pre-COVID-19. The actual rise was reduced because of inflation but still equated to 4% in real terms.

"London's hotel market benefitted from the passing of our late Monarch in September, boosting month-on-month RevPAR growth by 21%, but the autumnal return of a more balanced mix of demand segments equally helped contribute to the strong performance," Knight Frank noted in its review.

Outside London, golf and spa resorts experienced particularly strong performance in 2022, with RevPAR up 132% on 2019 levels. The top regional centres in terms of RevPAR improvement were Brighton, Leeds, Liverpool, Glasgow and Bristol.

Regional UK hotel occupancy remained below historical levels but managed to grow 40% between January and September 2022 to 73%, with an average room rate of £104. The growth came mostly from domestic demand, business travel and flexible working trends, and came against a backdrop of threats to profit margins. Total utility costs in regional hotels soared 56% year-on-year for the period from April to October, and the sector faces ongoing labour availability and pay rate pressures.

However, high demand allowed hotels to pass on some of these costs, with average daily rates climbing 22% above 2019 levels - although the real increase was only 2.8% after inflation.

Hotel industry experts believe the rebound seen throughout 2022 was mainly the result of pent-up holiday demand following coronavirus pandemic lockdowns - whether that appetite can be sustained in an inflationary environment over the months to come remains to be seen.

GETTING YOUR (BRAND) HOUSE IN ORDER

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WITH INTEGRATIONS, ACQUISITIONS AND NEW BRANDS COMES THE CHALLENGE OF DEFINING WHERE HOTEL BRANDS SIT AND HOW TO DEFINE THEM TO DIFFERENT STAKEHOLDERS.

Customers, owners, investors and staff amongst others desire an understanding of where the brand sits, what it stands for, how it differs from stable partners and where the brand will be.

The need for this structure has become more important since the large groups have grown and have ended up with multiple brands with the same chain scale positioning using old money measurements.

DEFINING THE BRAND AND PROMOTING THE GROUP

For some time now the big groups have been differentiating their brands from their group company, and loyalty programme across this. IHG introduced “an IHG hotel in xxxx”, “By Marriott” is tagged onto brands across the board removing confusion that may linger from the Starwood integration, Hilton introduced “For the stay” in 2022 and Accor introduced the rebranding of the company to Accor Live Limitless across the 54 brand portfolio.

We have seen a number of ways of trying to explain the positioning to arguably the most important stakeholders, customers and owners. The Brand Matrix of Accor uses the chain scale approach cross referenced with some unrelated categories such as resort, classic and regional. With multiple brands in multiple grid boxes arguably this doesn’t create clarity of difference. Marriott have cleverly created a brand house that accommodates what might seem like competing brands into a space where the choice of brand says something different, quite an achievement as the Starwood estate was integrated with worried owners of properties across the square from each other.

USING THE CLUB

Marriot Bonvoy, IHG rewards club, ALL, HiltonHonors, Wyndham Rewards and other loyalty programmes provide the opportunity to remind us that the individual brand belongs to the group through the use of the name. Deliberately these names have been designed to hold a thread across stays and retain those looking to earn and burn. Interestingly the SPG brand which held huge brand equity was lost with Starwood however the seamless transition for the users lead to short lead times for this commitment to be maintained.

WHAT’S NEXT?

As the major chains have gained a better understanding of the brands they own, providing them with a clearer view on coverage which had become murky, boards are now able to determine the gaps in their portfolio and determine whether their strategy is to focus on core territories or to look to be everything to everyone. This approach will drive both new brand creation but more likely in the coming years acquisition activity of smaller but singularly positioned brands to fill gaps or strengthen positions. It isn’t beyond imagination that we would see Soho House as a target for Accor and IHG with their stated focus on luxury or Banyan Tree joining forces with Rosewood.

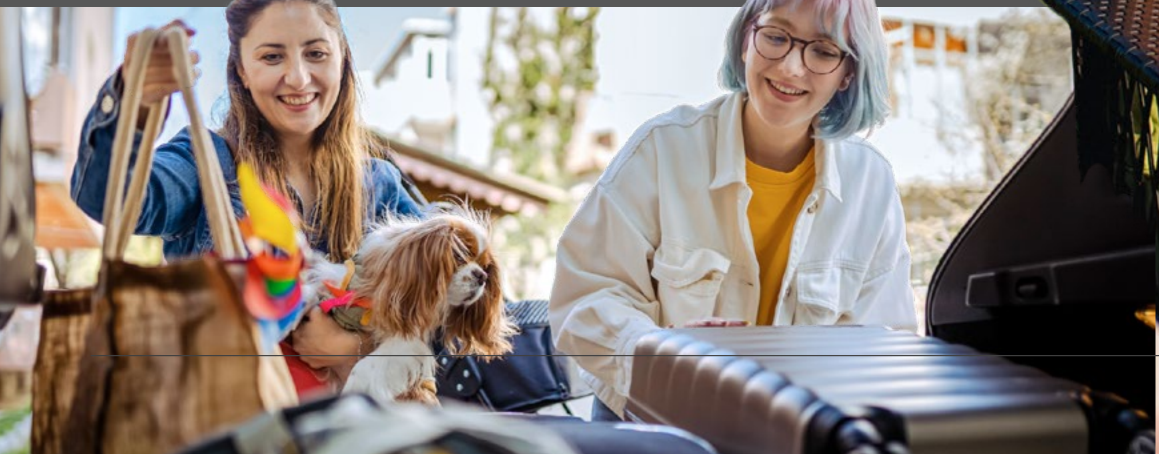
TRAVEL

HOTELIERS THAT RELY ON FOREIGN BUSINESS ARE STILL AWAITING THEIR CUSTOMERS' RETURN - BUT IN A HIGH-INFLATION, POST-BREXIT WORLD, SOME MAY NEVER COME BACK. THE UK WELCOMED 3 MILLION VISITORS IN DECEMBER 2022, DOWN 14% ON 2019 LEVELS, ACCORDING TO THE OFFICE FOR NATIONAL STATISTICS.

The Office's provisional figures for 2022 indicate that the year saw 24% fewer inbound visitors to the UK than 2019, with expenditure falling 9%. This equated to a drop of 19% after inflation.

Critically for the hotel sector, holiday visits were down 13% in the last quarter of 2022 compared to the same period in 2019. Meanwhile, business trips had fallen 23% - although by December 2022 they were back to 95% of 2019 levels, marking the strongest month since the pandemic.

Data from Heathrow shows the airport handled almost 400,000 fewer passengers in April 2023 than in April 2019, including national travellers. The biggest fall, of almost 225,000, was in visitors from Asia Pacific, followed by the European Union, which saw a 109,000 drop. Non-EU visitor numbers fell by 60,000, and there were 78,000 fewer Middle Eastern visitors in April. However, these drops far outweighed the arrival of an extra 122,000 visitors from North America.



THREAT OR OPPORTUNITY

Without doubt, the pandemic had a devastating impact on both business and tourist travel and it is taking a long time to return. But, there are green shoots appearing as the rate of increase in travel gathers pace. We know that booking lead times are beginning to return to those last seen pre-pandemic in most categories but the real question is whether operators are trying to win back their previous guests or have the ability to attract new ones?

At both the top end and budget end of the spectrum results have been extremely positive over the last 12 months with forward bookings also looking strong over the summer so is there a real opportunity here? There is a threat that as occupancy levels settle or perhaps decline the temptation to chase business through reduced rate will be extremely strong. By the opportunity to attract new customers from different markets with different expectations or demands is also significant. The pandemic has forced all of us to reconsider how we travel for business and leisure and operators who can seize on the opportunity this presents will have a real advantage as the pace of travel picks up.

A LOOK AT THE HEADWINDS IN THE UK HOTEL INDUSTRY

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FROM 2022

Much has been said regarding the Hotel sector's resilience following COVID-19, which clearly hit the industry hard.

Post-COVID-19 rebound has happened more quickly than many would have forecast, with occupancy rates heading back towards pre-pandemic levels, ADRs higher than before the pandemic and some areas reporting their highest RevPAR for many years. Anecdotally, we are hearing that some London operators are seeing their highest ADRs and occupancy rates for many years.

2023: THE CHALLENGES FACING THE HOTEL INDUSTRY

As we came into 2023, hotels continued to be faced with a series of challenges:

- Inflation is impacting consumers discretionary spend – CPI inflation remains stubbornly high with housing & bills the main contributor. Rising interest rates are also becoming an issue for hotel operators with significant balance sheet debts post-pandemic
- Operating costs are on the up – energy costs, labour costs and supply chain costs have significantly increased. Global geopolitical and economic instability is hitting the day-to-day running costs of hospitality businesses significantly hard
- Increasing labour shortages – the sector has struggled to attract and retain suitably skilled workers following a combination of Brexit and the pandemic, with workers leaving the industry to return home or move to other vocations and not coming back
- Increasing focus on ESG – regulators, lenders, investors, employees and customers are requiring more and more sustainability credentials and higher ethical standards from the industry
- Post-pandemic working patterns mean that corporate travel and hospitality have been slower in recovering and this has impacted demand in certain locations
- Consumers' options for their overnight stays continue to expand, with flexible choices including serviced apartments and Airbnb
- Assets may be tired and in need of capital investment, without which it's harder to attract customers. However, in the turbulent economic environment, operators may not have been able to accumulate cash to enable the necessary capex spend, or may have had to borrow to do it
- There are increasing divides in consumer behaviour. City centre destinations with a mix of corporate and tourist battle vs rural tourist destinations and leisure resorts; luxury hotels, where discretionary spend is likely to be less of an issue vs the budget stays that may benefit from mid-market trading down. This potentially leaves the mid-market more likely to be impacted by pressure on the consumer. Large operating groups are more likely to benefit from economies of scale and purchasing power, compared to small or single site locations that may be more at risk of market pressures
- Overseas visitor numbers have remained lower than pre-pandemic, and although exchange rates may make the UK an attractive destination in one respect, high inflation could have a negative impact on the foreign demand for UK hotels.

HOW SHOULD HOTEL OPERATORS RESPOND TO THESE CHALLENGES?

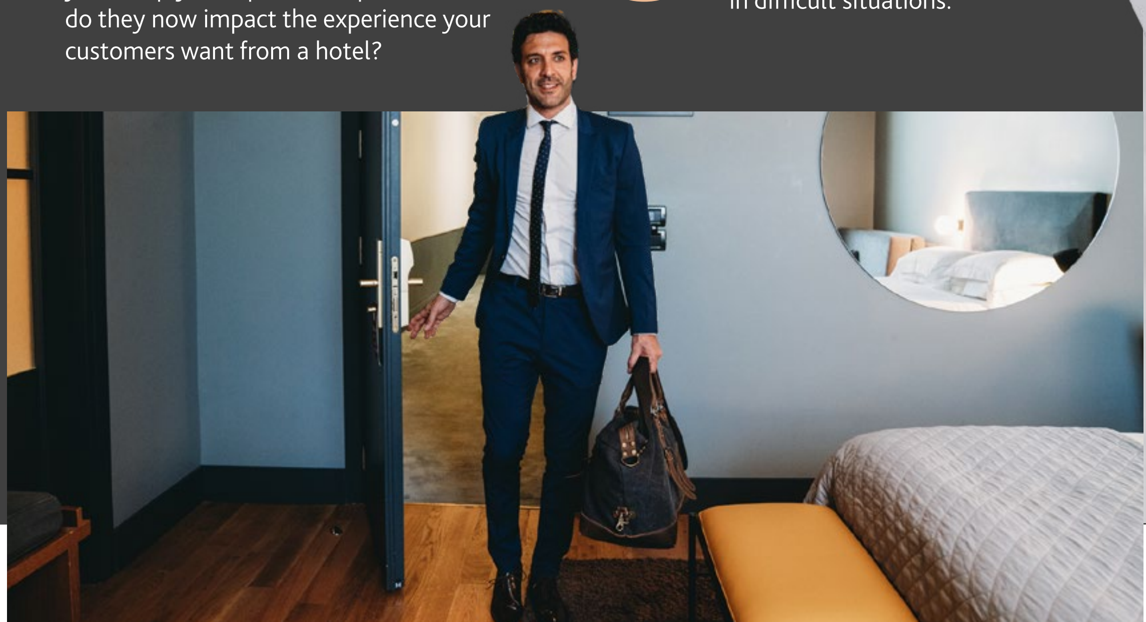
1 **Performance data** –ensure that you know which parts of the business are performing well or not. If the business is not able to generate timely, relevant financial information, then it is important that you seek expertise to achieve this – all operators need to be able to interpret and understand their management information to mitigate against unforeseen risks.

2 **Maximise cash flow** – move to extend credit terms with your suppliers and where applicable collect debts more quickly.

3 **Find operational efficiencies** – leadership should challenge the way things have always been done and take action to address excess costs. It should be carefully considered if and how costs may be passed on to customers and how cost savings might impact the customer experience.

4 **Consider the impact of marketing** – what platforms are relevant to your target market and how do you ensure you are getting the most of them? Make sure to respond to feedback from customers – particularly negative comments – and keep on top of any social media critique. You should analyse the impacts of deals and measures to attract customers – what is the cost to your margin?

5 **Review the guest experience** – some measures you may have introduced during lockdown have stayed around. While technology may have helped you comply with pandemic protocols, do they now impact the experience your customers want from a hotel?



6 forecasts including a monthly integrated P&L, balance sheet, and cash flow forecast to help assess what the next 12 to 24 months look like. Be realistic and stress test your underlying assumptions. Identify potential pinch points and consider mitigations.

7 **Pre-empt stakeholder concerns** – using your forecasts, open early dialogue with your investors, lenders, suppliers, or even HMRC.

8 **Most importantly** - seek help if you need it. Independent expert advice can be invaluable in difficult situations.

GETTING SPECIALIST SUPPORT

Our sector experts can help assess performance and identify issues – we can work with your management teams to review your business and look into areas causing concern. Our advisers can help in a number of areas including with stakeholder management, preparation for conversations with investors, lenders and HMRC and considering various potential solutions including assistance with refinancing options or preparing your business for sale. If necessary, we can advise on restructuring options such as a CVA and the new restructuring tools available under the Corporate Insolvency and Governance Act 2020.

Whether you need advice on forecasting, or more specialist financing or restructuring support, our experts are here to help.

LEGISLATION UPDATE: ALLOCATION OF TIPS

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Hospitality Sector

UPDATE ON ALLOCATION OF TIPS LEGISLATION

It is unlikely to have escaped your notice that there are proposed legislative changes on how tips should be treated. A Bill proceeded through Parliament recently and passed Royal Assent on 2 May 2023. Following a consultation and secondary legislation, the measures are expected to come into force in 2024, and it is likely we will hear more in the Autumn Statement or Budget later this year.

The legislation, which passed without amendment, includes nine clauses not only placing an obligation on businesses to distribute all tips, but also a time frame in which to distribute them, and a requirement to implement a policy ensuring fair and transparent distribution of tips. This overhaul of tipping practices is set to benefit more than 2 million UK workers across the hospitality sector.

In outline, the legislation covers confirms the following:

- The definitions for 'Employer-received' and 'Worker received tips' to which the legislation applies
- Tips paid cannot be subject to deductions, including administrative fees
- All tips, service charges and gratuities ("tips") must be paid to employees
- Tip distribution must be fair and transparent with due regard to any Code of Practice issued by the Secretary of State in due course
- Tips also include vouchers, stamps, tokens or similar with a monetary value or capable of being exchanged for money, goods or services
- Tips paid must be paid to employees by the end of the month following the month they were paid by the customer
- Agency workers will be entitled to receive tips in the same way as employees
- A fair distribution of tips in line with the Code of Practice using a Tronc arrangement will be acceptable
- There must a written Policy to include whether the employer requires or encourages customers to pay tips and how the employer ensures that all qualifying tips, gratuities and service charges are paid and distributed fairly
- The employer must retain documentation of the total tips received and details of their distribution to workers for up to three years, and this must be available to employees on request
- Employees and agency workers can raise a tip dispute through an employment tribunal and have 12 months to make a claim.

IMPACT ON TRONCS

The majority of businesses use a tronc arrangement overseen by a troncmaster to manage the allocation and distribution of tips. This is typically a general manager who independently oversees the allocation of tips and administers the arrangement. The advantage of a robust Tronc scheme is that the tips are exempt from Class 1 Employers and Employees NIC. While an employer can have oversight of the appointing or removal of a troncmaster, a troncmaster cannot be the employer or its management.

We expect that it will take time for businesses to work out how to navigate the new rules and how to demonstrate that tips are fairly distributed when using a Tronc, whilst not being involved in the allocation of them.

Although the legislation is not immediate, now is the ideal time to review your current arrangements and policies to understand how these will align with the new legislation when it comes in.

TAX UPDATE

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TAX ENVIRONMENT

The corporation tax rates have been confirmed at 25% from 1 April of this year, which is the highest in over a decade. It is important to consider the reliefs that are available as detailed below.

Capital allowances

The capital allowance regime continues to provide a welcome tax relief for hotels investing in qualifying capex. These new reliefs took effect after 1 April 2023 when the current 130% super-deduction expired. For companies carrying out hotel construction, refurbishment work on their portfolio or other capital expenditure projects, the reliefs provide an opportunity to reduce the effect of the main rate of corporation tax.

Under the measures, there is "full expensing" (or a 100% first year allowance) for qualifying expenditure on new and unused main pool plant and machinery as well as a temporary 50% first year allowance on new and unused special rate plant and equipment.

The annual investment allowance remains at £1m which is helpful, particularly for smaller hospitality businesses.

Deductibility of interest

Interest continues to have the potential to provide a valuable tax shelter from the profits and gains of hotel businesses. The tax treatment of interest is complex, particularly for larger businesses and private equity backed businesses, and there are a number of areas to consider, including:

- Transfer pricing
- Corporate interest restriction
- Hybrid rules
- Late paid interest rules
- Withholding tax obligations.

Availability of losses

For hotel businesses with tax losses, reviewing the nature of the losses and understanding their availability going forwards is key. The current rules are flexible in the way in which losses can be utilised, but also include caps on the amount of losses that can be used in each period. Where businesses have undergone changes in ownership, there are also rules which may limit the availability of tax losses.

Get the right group structure

Hotel businesses often grow through acquisition which can result in overly complex group structures. It is often sensible to get the right group structure for sale when the acquisition is made. The "substantial shareholdings" rule can exempt groups from capital gains tax, provided the right conditions are met. It is always important to plan ahead.

BDO SECTOR EXPERTISE

BDO LEISURE AND HOSPITALITY SERVICES

OUR TEAM WORKS WITH INTERNATIONAL BUSINESSES ACROSS THE LEISURE INDUSTRIES, INCLUDING HOTELS, RESTAURANTS AND BARS, TRAVEL AND TOURISM, BETTING AND GAMING, PROFESSIONAL SPORTS AND FITNESS.

WE PROVIDE ASSURANCE, TAX, AND ADVISORY SERVICES TO OUR CLIENTS, WHO RANGE FROM SMALL OWNER-MANAGED BUSINESSES TO LARGE CORPORATIONS IN BOTH THE PRIVATE AND PUBLIC SECTORS, MANY OF WHOM ARE MARKET LEADERS.

HOTEL EXPERTISE

Our hotel industry experience goes back nearly a century. Today, we are at the forefront of the field, working with the industry's market leaders. Our experienced and passionate partners and staff find and help implement actionable insights that make a difference to our clients' businesses. We take the time to understand the business and the people behind the numbers so that we can use our expertise to maximum effect.

HOTEL INDUSTRY KNOWLEDGE

We can keep you up to speed with the latest issues and movements of the market, both nationally and internationally, presenting our findings through our comprehensive publications, Hotel Britain, Hotel Quarters, and a monthly report. We also maintain research and monthly benchmarking databases. In an industry which can be volatile and heavily affected by world events, we can give our clients vital insights into what they can do to improve their relative performance and market position. In short, if you are active in the hotel industry then you should be talking to BDO.

BDO LEISURE AND HOSPITALITY SERVICES

Our Leisure and Hospitality Team provides specialist accountancy and business advisory expertise to a wide variety of leisure and hospitality businesses. Our sector experts use their experience and knowledge to deliver valuable and actionable advice to clients.

LEISURE AND HOSPITALITY SECTOR EXPERTISE

We understand that each area of leisure and hospitality faces its unique challenges and opportunities. We have specialists working in and with experience of each area and sub-sectors.

DRIVING GROWTH

Driving the growth of your business is always a priority. This is a challenge in the very competitive leisure and hospitality sector. We will work with you to develop or adjust your strategy, fine tune your business model and overcome the barriers to growth. Our focus is to provide the actionable ideas and insights that will make a tangible difference to your business. Whether it is improving working capital management or improving tax efficiency, we will use our experience and expertise to deliver value to you. We always invest the time to understand you and your business so that we can help you achieve your goals.

REGULATORY ADVICE FOR LEISURE AND HOSPITALITY BUSINESSES

The leisure and hospitality sector is faced with an ever-changing burden of regulation, ranging from accounting standards to the Apprenticeship Levy and National Living Wage to Brexit. We can provide practical guidance and help you navigate the challenges your business is facing. We can help you whether you are thinking of tackling the transition to IFRS accounting, wondering where you currently stand on troncs, trying to establish how the national living wage may affect your business or debating whether you should be converting to a REIT.

OUR HOTELS TEAM

TAKING LEISURE AND HOSPITALITY INTERNATIONAL

You may be ready to expand your leisure and hospitality business overseas. You may not be ready for the challenges of succeeding internationally. Local regulations and tax regimes, local labour markets and any number of other issues will have to be navigated. We will help you from the first step by identifying the best options for expansion. We can advise on the markets that are easier to break into. We can help you to work through the options available to you whether that be a joint venture, opening a branch, franchise or an acquisition. When you do make the leap, we will ensure you have the most efficient tax structures and all the necessary local knowledge. As part of the BDO international network, we draw on the leisure and hospitality expertise of colleagues across the globe. We have a presence and local leisure and hospitality expertise in every market you might want to expand into.

OUR LEISURE AND HOSPITALITY TEAM

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