

# Financial effectiveness and reporting



# Table of content

BDO and BDO in Thailand	<a href="#"><u>3</u></a>
A Critical Tool for Decision-Making in Island Hospitality Businesses	<a href="#"><u>5</u></a>
More Than Just Bookkeeping	<a href="#"><u>6</u></a>
Seasonal financial trends, menu item profitability, and revenue breakdown by service type	<a href="#"><u>7</u></a>
The Role of Financial Reporting in Management Decision-Making	<a href="#"><u>8</u></a>
How Financial Reports Help Hospitality Businesses Manage Financial Risks	<a href="#"><u>9</u></a>
From Numbers to Norms: Using Financial Reports to Stay Compliant	<a href="#"><u>10</u></a>
The Unchanged Menu	<a href="#"><u>11</u></a>
Understanding Visitor Nationality: A Strategic Necessity for Hotels	<a href="#"><u>12</u></a>
Look back at Phuket visitors	<a href="#"><u>13</u></a>
Unique Challenges of Phuket Hospitality—and the Financial Response	<a href="#"><u>14</u></a>
Implementing a Financially-Effective Culture	<a href="#"><u>15</u></a>
Example of using dashboards or visual tools to make data accessible	<a href="#"><u>16</u></a>
In A Nutshell	<a href="#"><u>17</u></a>



## Global Solutions. Driven to be the best



BDO's vision is to be the leader for exceptional client service, by delivering high-quality, consistent service across all offices globally.



### Revenue



**US \$15 bn\***

### By region



**56% Americas**  
**33% EMEA**  
**11% Asia Pacific**

### By service line



**40.8% Audit & Assurance**  
**21.7% Advisory**  
**22.6% Tax**  
**14.9% Business service & Outsourcing**

### Peoples



**119,611 People**

### Presence

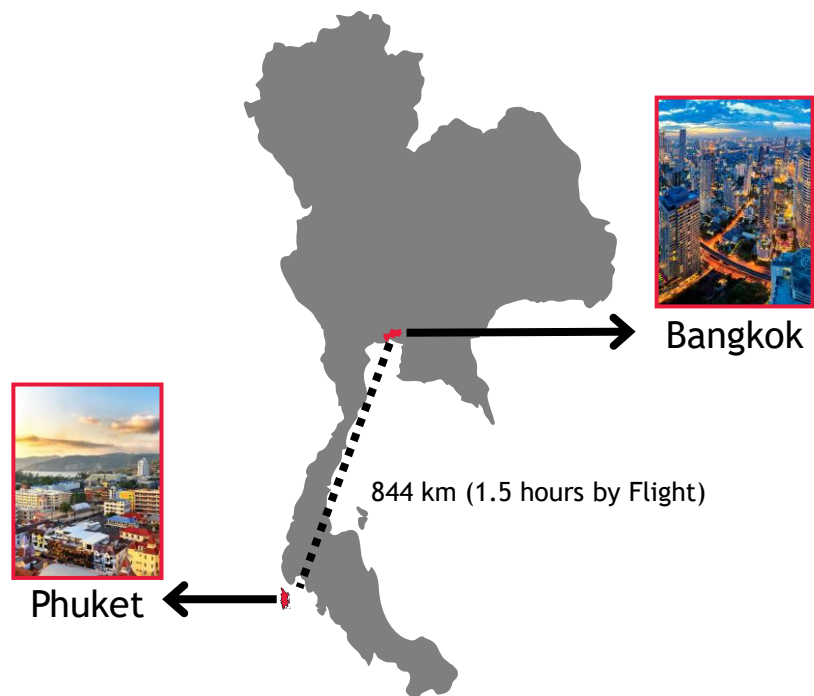


**1,800 Offices**  
**166 Countries & territories**

\* As of 30 September 2024

# BDO in Thailand

BDO in Thailand is a professional business consultancy firm that provides comprehensive audit & assurance, advisory, tax and legal, and business services & outsourcing services to companies large and small. Our company is based in Bangkok and Phuket, with Thai CPAs, SEC registered auditors, and advisory experts that provide professional service to companies in Thailand and nearby countries.



## Advisory

- Cybersecurity
- Deal Advisory
- Global Forensics
- Risk Advisory Services

## Business Services & Outsourcing

- Accounting, Bookkeeping and Tax Compliance
- BDO Drive
- Business Advisory and Efficiency
- Buying & Selling
- Data Analytics & Insights Services
- Family Business & Succession Planning Services
- Finance & Accounting Technology
- Financial Reporting
- Payroll Solutions
- Support and Services for Entrepreneurs

## Audit & Assurance

- External Audit
- Financial Reporting Solutions
- International Financial Reporting Standards (IFRS)
- Other Assurance Services
- Reporting Accountants and Initial Public Offerings

## Tax & Legal

- Board of Investment (BOI) and Foreign Business License Applications
- Corporate and International Tax
- E-Services Tax
- Global Employer Services
- Company Formation and Company Secretarial Services
- Private Client Services
- Tax Assurance and Risk Management Services
- Tax Dispute Resolution Services
- Tax Health Check Services
- Tax and Legal Advisory Services
- Transfer Pricing
- Services related to Personal Data Protection Act
- Visa, Work Permit and Long-Term Resident Visa



A person wearing a long white dress is walking barefoot on a stone-paved path that runs alongside a swimming pool. The person is holding a large, light-colored straw hat in their left hand. The pool's water is clear and blue, reflecting the sky and the surrounding environment. The path is made of irregularly shaped stone tiles. In the foreground, there is a small, leafy green plant with some reddish-orange flowers. The overall scene is bright and sunny, suggesting a warm, tropical location.

## **A Critical Tool for Decision-Making in Island Hospitality Businesses**

In the idyllic setting of an island paradise, where the waves meet the shore and sunsets dazzle the horizon, it is easy for hospitality businesses—hotels, restaurants, and beach clubs—to rely on the pull of natural beauty and returning tourists. However, even in the most visually appealing environments, the long-term sustainability and profitability of these businesses depend heavily on sound financial management.

Financial effectiveness and accurate reporting go beyond compliance—they are powerful strategic tools. In the hospitality sector, especially in island-based economies that rely heavily on tourism, understanding financial data enables business owners and managers to respond proactively to shifting market conditions, evolving guest preferences, and competitive pressures.



## More Than Just Bookkeeping

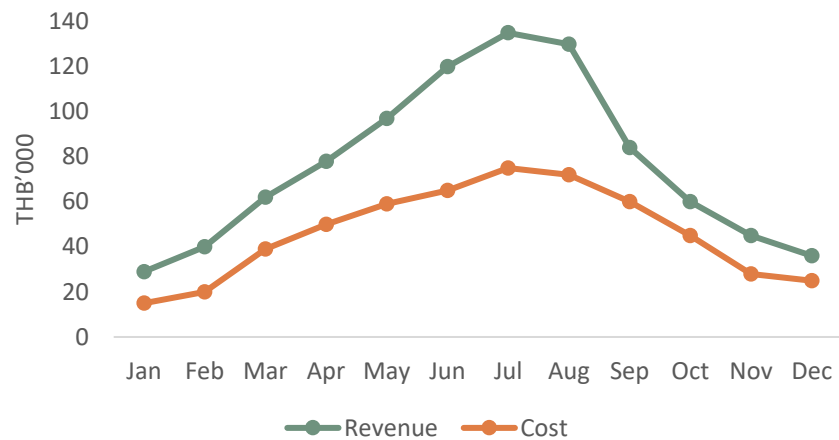
Financial effectiveness refers to the ability of a business to use its financial resources efficiently to achieve its goals. Not only trial balance (“TB”) and general ledger (“GL”) to be able to file the necessary reports required by the Revenue department (“RD”) or the Department of Business Development (“DBD”). For hospitality businesses, this means having enough cash flow to cover seasonal fluctuations, investing wisely in staff, services, or refurbishments, and generating a sustainable profit.

But it’s not only about what is spent and earned—it’s about how financial information is used to drive decisions. Effective financial management gives businesses a clear understanding of:

- ▶ Revenue trends across different seasons and guest demographics
- ▶ Profit margins by product line (e.g., food vs. beverages vs. beach rentals)
- ▶ Fixed vs. variable cost structures (e.g., kitchen staff vs. event DJs)
- ▶ Return on investment (ROI) for upgrades or marketing campaigns



## Seasonal financial trends



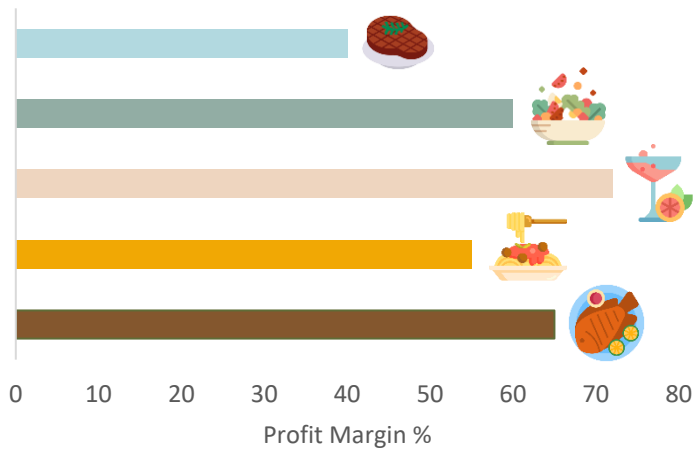
Imported Steak

Salad

Cocktails

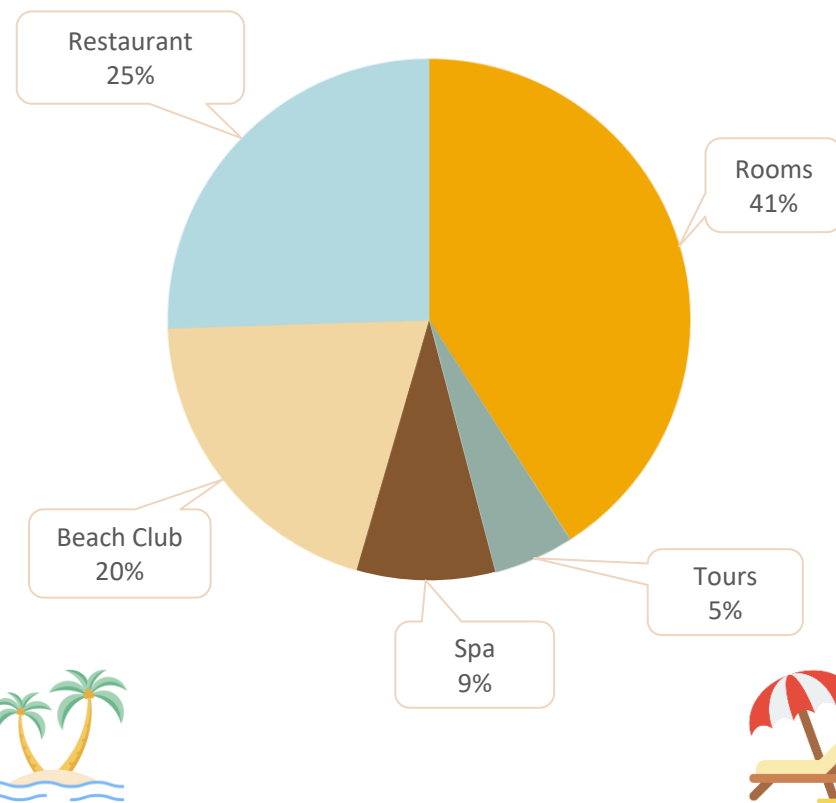
Pasta

Grilled fish



## Menu item profitability

## Revenue breakdown by service types



## The Role of Financial Reporting in Management Decision-Making

For hospitality management, financial reporting is the dashboard that guides all major decisions. High-quality, timely reports can:



Support Strategic Investment



Track Performance by Department or Outlet



Risk Management



Enable Dynamic Pricing



Monitor Cost Efficiency



Facilitate Forecasting and Budgeting



Compliance and Regulatory Reporting



## How Financial Reports Help Hospitality Businesses Manage Financial Risks

In the hospitality industry—where revenue can fluctuate with seasons, guest behavior, and global trends—financial risks are part of daily operations.

Hotel and restaurant managers must go beyond basic reporting and use financial data to spot potential issues early. Properly analyzed, financial reports become a key tool for risk detection and prevention.

# 01

### Cash Flow Visibility

For hotels and resorts, strong cash flow is essential to manage payroll, maintenance, and seasonal costs. The cash flow statement can highlight early signs of trouble—like rising supplier payments or slow receivables—allowing managers to adjust operations or marketing strategies before liquidity becomes an issue.



# 02

### Profitability Pressures

Declining gross margins may signal rising food costs, inefficient staff scheduling, or underperforming outlets. The income statement helps identify which areas are affecting profitability, enabling targeted cost control or pricing strategy reviews.



# 03

### Overreliance on Debt or Credit

The balance sheet can show if the business is becoming too dependent on short-term financing, especially during low seasons. Monitoring debt ratios and interest obligations ensures the business stays financially healthy and flexible.



# 04

### Operational Inefficiencies

High inventory levels in a restaurant or long debtor days from corporate bookings may point to inefficiencies or lax controls. These are clear risk signals that can be caught early through trend analysis in monthly reports.



## From Numbers to Norms: Using Financial Reports to Stay Compliant

Compliance and Regulatory Reporting: financial reporting serves as the backbone of an organization's regulatory and compliance framework. It ensures that companies operate transparently, adhere to legal and accounting standards, mitigate risks, and maintain the trust of stakeholders and regulatory bodies. Without accurate and timely financial reporting, compliance becomes virtually impossible, and the risk of penalties, legal issues, and reputational damage increases significantly.







Effective financial reporting goes beyond compliance—it's a critical enabler of strategic decision-making. When financial information is timely, accurate, and relevant, it gives leadership the insights needed to align operations with long-term goals. It helps identify key performance drivers, highlight risks, and track progress against strategic plans. With clear visibility into the financial impact of decisions, management can allocate resources more effectively, plan with confidence, and respond quickly to changing conditions.

## The Unchanged Menu

Consider the example of a beach club on Bang Tao Beach or a seafood restaurant in Rawai that has used the same menu for the past five years. While this might reflect a sense of tradition or the owner's personal preferences, it could also be a missed opportunity. Phuket evolves rapidly—flights become cheaper, new nationalities start to dominate visitor numbers, and global trends in wellness, sustainability, or culinary preferences influence expectations.



## Understanding Visitor Nationality: A Strategic Necessity for Hotels



For hotels in Phuket, tracking the nationality of arriving guests is more than a statistical exercise—it's a strategic imperative. Different nationalities often bring distinct preferences in room types, food, language, service expectations, and even booking channels. For example, European tourists might favor boutique eco-resorts and value sustainability, while East Asian tourists may prefer full-service hotels with group tour packages and in-language services.

Financially effective hotels integrate nationality data into their forecasting, marketing, and service design strategies. If a hotel notices a consistent rise in guests from Korea, for instance, they may choose to add Korean-language signage, offer Korean breakfast options, or partner with local tour providers that cater to this group. These are not just operational changes—they're financially impactful decisions that can significantly boost guest satisfaction, repeat business, and referral rates.

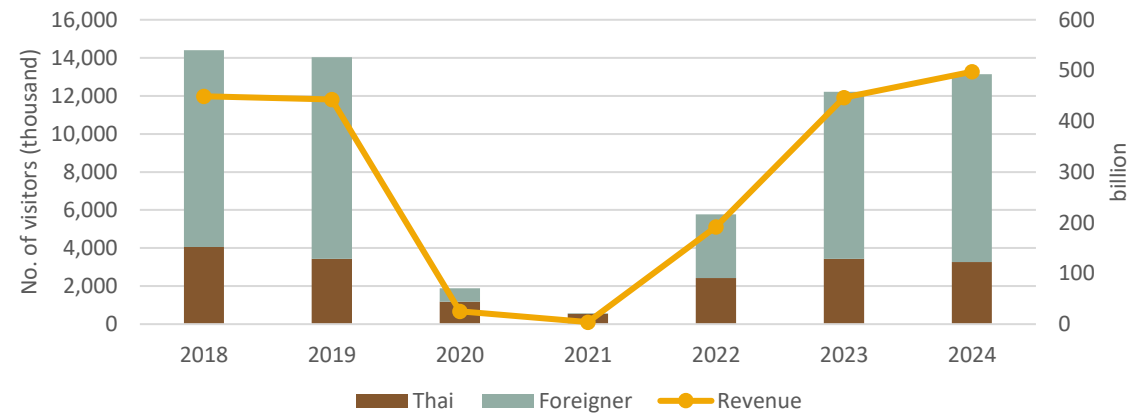
Moreover, nationality trends can influence pricing strategies. Guests from certain countries may have different average daily spend or stay duration, which helps in setting dynamic room pricing and promotional packages. Without tracking and analyzing this data, hotels risk misalignment between their offerings and guest expectations—potentially losing out on revenue and market share.





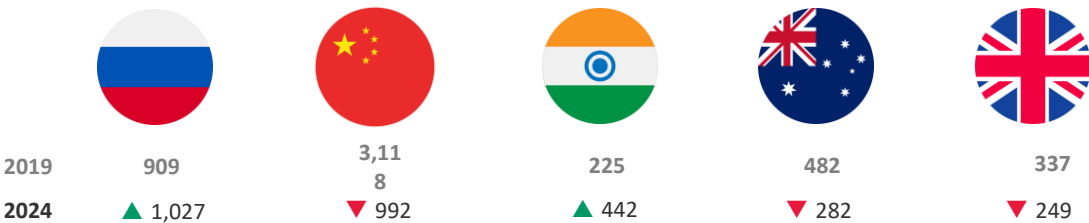
## Look back at Phuket visitors

Sign of tourism rebound is in place in terms of number of tourists and revenue. However, this is still cannot reach the peak when comparing to prior COVID-19 level.



Phuket's tourism sector showed signs of recovery in 2024, supported by a surge in visitors from Russia, China, and India, who collectively made up 45% of all international arrivals. The Thai government's visa exemption policy also played a key role in this rebound. However, the number of Chinese tourists—formerly Phuket's largest visitor group—remains well below the pre-pandemic peak of 3 million, highlighting a shift in market dynamics and evolving tourist behaviors.

Number of arrivals by nationalities (thousands)



Source: Ministry of Tourism, Knight Frank, Government Data Catalog



## Unique Challenges of Phuket Hospitality - and the Financial Response

### Hospitality businesses in Phuket face unique operating challenges:

- ▶ Seasonality: Tourist arrivals fluctuate dramatically between high and low seasons, affecting occupancy, revenue, and staffing needs.
- ▶ Logistics and supply costs: Being an island, Phuket faces higher transportation and sourcing costs for food, beverages, and maintenance supplies, which can squeeze margins.
- ▶ Talent retention: Many workers are seasonal or migrate from other regions, making it difficult to build a stable, long-term workforce.
- ▶ Changing customer profiles: Shifts in traveler demographics (e.g., rise in independent travelers, digital nomads, or regional tourists) require constant adaptation in services and marketing.
- ▶ Competition from OTAs: Many hospitality businesses depend on platforms like Booking.com, Agoda, and Airbnb for visibility, but high commissions reduce profit margins and limit control over pricing, guest relationships, and marketing.
- ▶ Technology adoption: While digital tools like contactless check-ins and management software boost efficiency and guest experience, high costs and training needs can be barriers for businesses with limited resources.
- ▶ Sustainability demand: With more travelers seeking eco-friendly options, businesses must invest in sustainable practices—like waste reduction and green sourcing—to meet expectations and strengthen brand reputation.

### Financial reporting plays a critical role in addressing these challenges, by providing accurate, timely data that supports smarter decision-making. For example:

- ▶ Pricing strategies can be refined using revenue and cost trends, helping to optimize rates for different seasons or target markets.
- ▶ Inventory planning becomes more efficient when driven by data on consumption patterns, cost fluctuations, and supply chain delays.
- ▶ Service offerings can be adjusted based on profitability analysis and customer preferences tracked through financial and operational metrics.
- ▶ Workforce planning and budgeting benefit from labor cost tracking, turnover analysis, and forecasting based on demand trends.
- ▶ Financial insights help target high-value customers and effective channels, enabling smarter marketing spend.
- ▶ Financial reports support decisions on upgrades or new technology by projecting potential ROI.

Ultimately, effective financial reporting helps business owners and managers navigate uncertainty, improve profitability, and align their operations with evolving market demands.



## Implementing a Financially-Effective Culture

To make financial reporting work for decision-making, management must go beyond simply generating reports. The business must build a culture of financial accountability and data-driven thinking, including:



Develop clear financial goals and targets



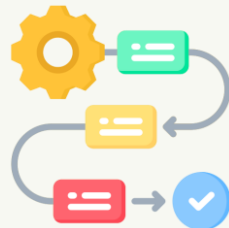
Training department heads to read and act on financial KPIs



Using dashboards or visual tools to make data accessible



Establish a robust risk management framework



Regularly review and optimize financial process



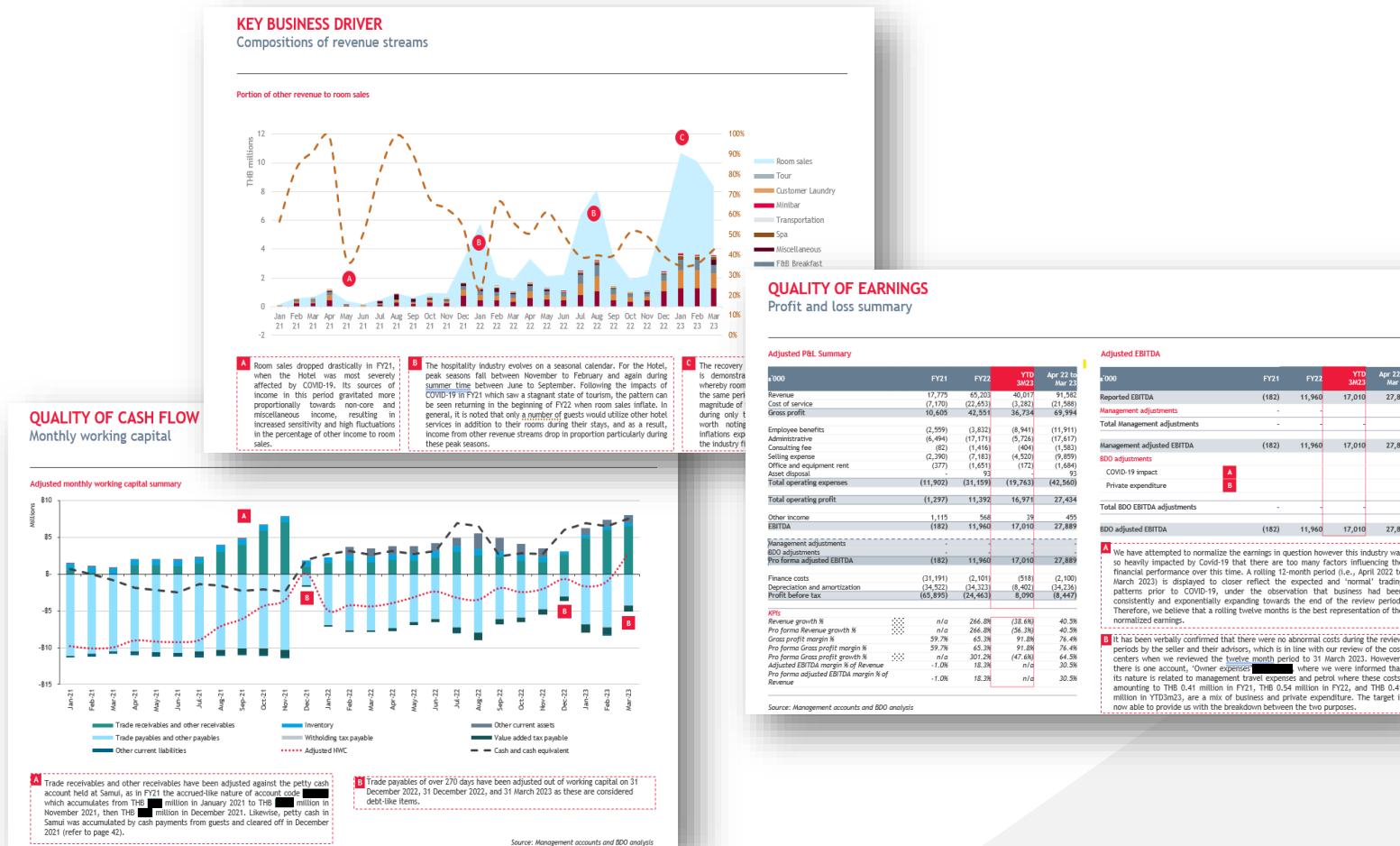
Encourage cross-functional collaboration on financial initiatives



Investing in integrated POS and accounting system

## Example of using dashboards or visual tools to make data accessible

Here are partial of BDO in Thailand work tools to present the visualization of the data that helps reader picture the analysis clearer.



Dashboards and visual tools provide hotel operators and hospitality managers with a clearer view of financial and operational performance compared to reviewing raw numbers alone.

By visualizing key metrics—such as occupancy rates, RevPAR, F&B margins, or departmental costs—management can quickly spot unusual trends or outlier items. This enables faster, more informed analysis of root causes, whether it's underperformance in a specific outlet, seasonal demand shifts, or rising operating costs.

These insights help support data-driven decisions, guide investigations, and shape practical improvement plans to enhance profitability and guest experience going forward.



## In A Nutshell

Hospitality businesses in Phuket face a dynamic and sometimes volatile operating environment. The natural charm of their surroundings can attract visitors, but sustained success requires more than beauty—it requires financial clarity.

By embedding financial effectiveness and reporting into the heart of management practices, Phuket-based hotels, restaurants, and beach clubs can not only survive but thrive. They can adapt to shifting tourist demographics, optimize resource use, and create guest experiences that are both memorable and profitable.





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