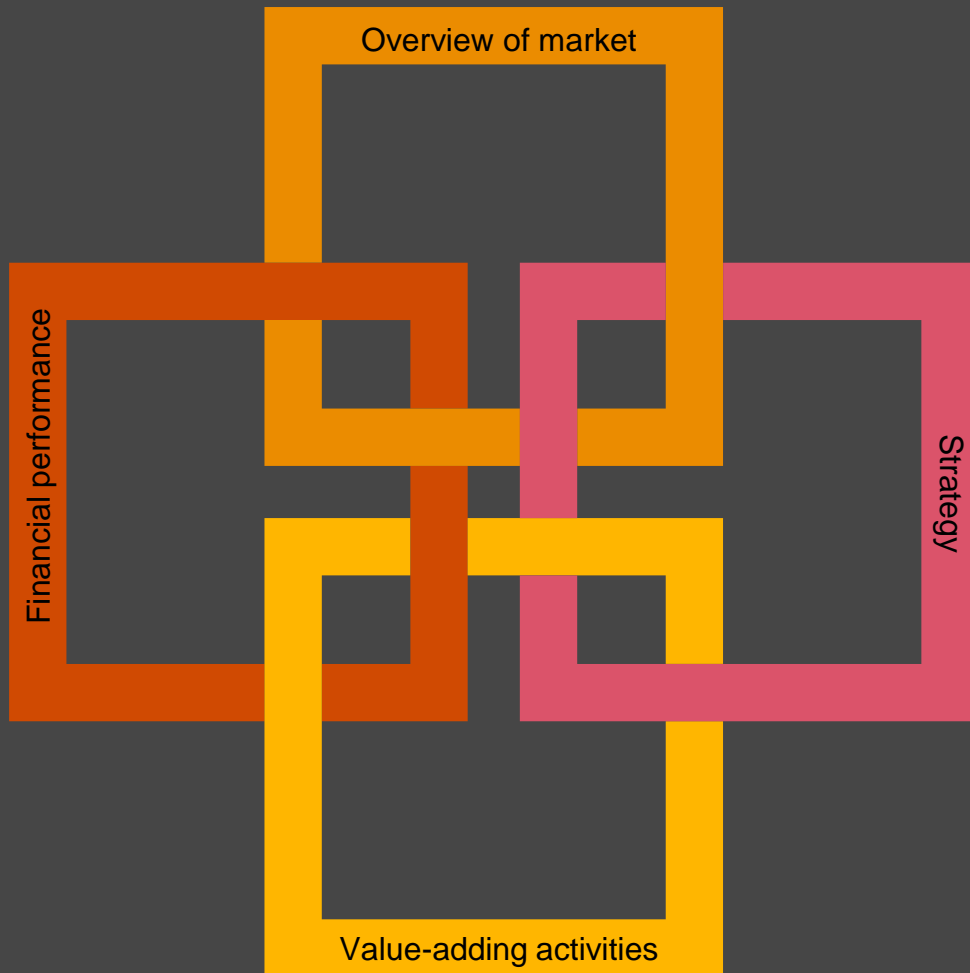


# Business analysis framework (BAF)



- **Strategy**  
Looking into targets, organisational structure and corporate governance as well as business risks.
- **Overview of market**  
Diving into competition and market, legal and sector-specific provisions as well as business risks.
- **Financial performance**  
Examine customers and service provision, innovation/brand/company's reputation as well as business risks.
- **Value-adding activities**  
Exploring financial and performance measures, accounting rules and the risk profile as well as business risks.

# BAF - Overview of market

## Targets



Seminar hotels in the Zurich region (no new openings in recent years)

## Legal and sector-specific provisions



- Swiss Code of Obligations
- Data protection
- Tax law
- Employment law, social security law
- Food law/inspections
- Fire safety rules

## Business risks/ high or material audit risks



### Business risks

- New laws/regulations result in additional costs
- New hotels might reduce revenues

### Audit risks

- Profitability and liquidity



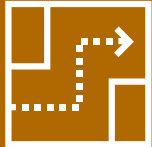
# BAF - Strategy

## Competition



- Quality improvement/fulfilment of requirements for five-star hotels
- Ongoing renovations to modernise the hotel
- Debt repayment

## Organisational structure/ corporate governance



- Independence from owners/investors and lenders
- No separation of management and oversight

## Business risks/ high or material audit risks



### Business risks

- Loss of CEO

### Audit risks

- none



# BAF - Value-adding activities

Customers/service provision



- Guests: Day trippers/banquets and events (e.g. weddings/ business seminars)
- Reliability of suppliers (timeliness and quality) and staff
- 120 employees and 21 apprentices
- Heads of department are responsible for recruitment; key customer-facing positions are recruited by the CEO
- Minimum requirements in terms of hospitality training/experience

Innovation/brand/ company's reputation



Accounting according to the Swiss Code of Obligations (CO) allows the possibility of creating hidden reserves and tax-optimised financial statements

Business risks/ high or material audit risks



**Business risks**

- Negative publicity, e.g. from dissatisfied customers/magazine articles, etc.

**Audit risks**

- Provisions?



# BAF - Financial performance

Financial and performance measures



- Gross margin in food & beverage; target > 70%
- Staff costs as a % of gross profit; target < 40%

Accounting rules



- New revenue streams (e.g. cinema)
- Hotel name/design
- Image: important in the industry, satisfied customers, word-of-mouth advertising

Risk profile



- Properties make up >50% of assets
- Age structure of accounts receivable is critical
- Problems with inventory accounting (interfaces to subledgers do not function automatically and error-free)

Business risks/  
high or material  
audit risks



## Business risks

- Property valuations and guests' payment behaviour

## Audit risks

- Recoverability of assets

