

EY potential client - Sunshine Inns

Tom Wilmott
thomaswilmott@gmail.com



Content

- Sunshine Inn Overview
- Recent developments
- Over recent developments
- Summary

Sunshine Inn Limited - Overview

SI is a 40 years old family run hotel chain, that has approximately 40 hotels spread across the UK and splits them into 2 divisions, City and Country.

- City - Targeted at budget travellers - focus on communal spaces, offer options for home cooked food at a reasonable price.
- Country - Offers mid-priced rooms aimed at families and holiday makers - offer buffet restaurants and leisure facilities.

Senior management team consists of Mary Sunshine (CEO) and Mike Sunshine (FD), who acquired these positions from their parents and founders of the company, Molly and Marshall Sunshine.

- 100% of the company is owned by the Sunshine family but Mike and Mary are happy to sell their shares in the business at the right price.
- The company has a business advisor who overcharges them for the services provided.

Growth Journey

- Since 2015 the city hotels have experienced double digit figures in growth but there has been a drop in turnover and lower profits in country locations.
- Following the Eu referendum and the reduction in the value of the pound in 2016, there was expected to be an increase in UK tourism but SI haven't really experienced this.
- Despite this SI has seen respectable growth year on year, due to city divisions success.
- At current SI is still a small company so doesn't fit requirements for an audit.

Recent Developments	What we can provide
<p>It is predicted that SI will grow 10% year on year, which means by FY22 they're require an audit.</p>	<p>Under our assurance service line we offer a audit service.</p>
<p>Country division hotels are struggling to break even, so SI are considering increasing offerings in the restaurants to increase revenue. Some major restaurant chains have enquired about a concessionary agreement.SI are lacking information on the different revenue streams.</p>	<p>As part of our advisory service line we can offer financial, strategy and analytics consulting. Through this we would inspect the current hotel market situation and SI's financial situation, to highlight the revenue streams available to them and provide advice best suited to them.</p>
<p>CEO wants to expand city division and potentially buy a small European chain or more hotels in the UK. They may need a loan, which needs reassurance of finance of company, or could seek funding an alternative way. considering selling country hotels. They are also considering selling off country hotels.</p>	<p>With transition advisory our buy and integrate and sell and seperate services can be used to help buy hotels abroad and sell the country hotels if chosen to. Our corporate finance solutions teams can also provide more advise surrounding these decisions.</p>
<p>Company has grown and so has the corporation tax bill but their knowledge is limited and might not be enough if they expand abroad. HMRC have also written to SI to review the last 3 years of corporation tax, but they don't know what to do.</p>	<p>Tax-Global compliance and reporting (GCR) can deal with the tax that will be required to be paid if the company decides to expand abroad.Tax-Private client tax services can ensure the corporation tax is correct and the require documents are sent.</p>
<p>Petty cash reconciliation has been incorrect across the financial year in several hotels, which are managed by the same manager.</p>	<p>Under assurance our Forensic & Integrity services can launch investigation to get to the bottom of the issue.</p>

Other recent developments

- Covid-19 has had a major impact on the hospitality industry in the UK. Hotels were forced to close for over 3 months, resulting in a huge loss of income. Despite being allowed to open for business again, Covid-19 is set to have a major long lasting term impact. For SI it's already struggling country based hotels could face going into administration as people are more cautious to travel and aren't going on holiday, in their peak season where they earn most of their revenue. With most businesses operating from home people aren't traveling for meetings, which will also have an affect on its city hotels business.
- EY has created a Covid-19 enterprise resilience tool, which helps to address 9 key areas employee health and wellbeing, talent and workforce, supply chain and global trade, customer and brand, financial and investor, risk, government and public policy, technology and information security, insurance and legal disputes.
- The areas of the resilience enterprise tool which are most useful for SI are employee health and wellbeing, talent and workforce and government and public policy. Through these we can help to inform them what they need to be doing for their employees during this time, as well as what support they have available from the government.
- At EY we can also provide support and supply idea on how SI will operate in the future and ultimately survive this tough time, by looking for ways to optimise expenditure and seize the limited opportunities available.



Summary

- Sunshine Inn would be a great client for EY, as they have several issues which require all our service lines Assurance, Advisory, Tax and Transaction Advisory. This will be profitable to EY and will allow us to build a close long lasting relationship with them.
- SI has a lot of potential. We can stabilize the company and help the business to develop, so they can thrive in the future and ultimately secure long lasting success.