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Report Case Study – The Seacrest Lodge

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Brief Overview

The lodge's owner's concerns about its long-term sustainability resulted in a comprehensive inspection of its present state to put together an immediate recovery plan. Situated on an exquisite shoreline, Seacrest Lodge is widely known to be an indulgent resort for those who seek luxury and serenity. Still, several recent difficulties have dulled this vibrant status.

Seacrest Lodge's Financial Performance

Seacrest Lodge is facing significant obstacles which have influenced its cash flow for the previous three consecutive years. The lodge's income dropped steadily over the years, reaching £1,200,000 in 2021, down £950,000 in the year 2023. This negative pattern indicates a declining share of the marketplace and a decrease in the customer base. The expenses for operations have also changed over time, going about £900,000 in 2021 and then £1,100,000 in the year 2023. This rise in costs, which is especially noticeable in the last calendar year, puts more pressure on the lodge's revenues (Nieves, 2015).

Income Statement (in GBP)

Item	2021	2022	2023
Revenue	£1,200,000	£1,100,000	£950,000
Operating Expenses	£900,000	£950,000	£1,100,000
Net Income	£300,000	£150,000	-£150,000

(Source: Assignment brief)

The decrease in earnings has been shown in the company's net profit, which has dropped from £300,000 in 2021 to an increasingly substantial decrease of £150,000 in 2023. Net earnings are a critical measure of a company's sustainability. This downward trend highlights the extent to which Seacrest Lodge's cash problems are demanding quick focus and calculated response. Additional information regarding the lodge's economic condition can potentially be seen in the financial statement, which shows a steady decline in asset valuations over three

years (Nair,2019).

Decreases in tangible assets, capital as well as substitutes, and receivables from consumers all point to possible organisational and financial problems.

Furthermore, an expanding disparity among assets and debts is indicated by the consistent reduction of capital between £620,000 in 2021 and £300,000 in the year 2023. Yet, the duration of debt has stayed steady at around £1,500,000. The variation highlights the lodge's economic challenges and reduced liquidity, prompting an extensive evaluation of its money control and asset protection plans (Lee, 2014). To put it simply, the economic success of Seacrest Lodge between 2021 and 2023 was marked by an overall reduction in revenues, an increase in running costs, and an overall drop in earnings from operations.

Seacrest Lodge possesses financial assets that are readily convertible onto cash, such as cash, along with equivalents. A thorough analysis of this category's performance over the last three fiscal years identifies a troubling tendency. Seacrest Lodge has a solid financial situation in 2021, with £100,000 in funds and investments. But by 2023, this amount decreased to a dismal £20,000, showing a significant decrease in the amount of money that was accessible. There are several reasons why financial reserves can start declining, such as operating costs that are higher than earnings, client deposits that are put off, and the cost of capital increases (Krstic, 2015). Seacrest Lodge's potential to satisfy immediate obligations like billing vendors and meeting daily expenses is affected by declining liquidity and alternatives.

Balance Sheet (in GBP)

Asset/Liability	2021	2022	2023
Cash and Equivalents	£100,000	£80,000	£20,000
Accounts Receivable	£50,000	£40,000	£30,000
Property and Equipment	£2,000,000	£2,000,000	£1,800,000
Total Assets	£2,150,000	£2,120,000	£1,850,000
Accounts Payable	£30,000	£40,000	£50,000
Long-term Debt	£1,500,000	£1,500,000	£1,500,000
Total Liabilities	£1,530,000	£1,540,000	£1,550,000
Equity	£620,000	£580,000	£300,000

(Source: Assignment brief)

Earnings that clients repay Seacrest Lodge from products and services rendered under contract are represented by receivables. Seacrest Lodge's real estate and facilities consist of actual assets such as properties, machinery, furnishings, and ground that are necessary for the resort's business and customer service. A comprehensive review of this group of assets shows that during the past three years, the worth of assets decreased between 2021 and 2023. Assessing fluctuations

in the sum of assets during the last three fiscal years offers valuable information on the resort's general economic health and wealth distribution. The total assets of Seacrest Lodge decreased between 2021 and 2023. Seacrest Lodge's outstanding debt has stayed at £1,500,000 over this time. This resiliency shows a commitment to achieving current debts and maintaining a healthy lending balance. Though Seacrest Lodge is likely to obtain the funds it needs for its development and growth by keeping its long-term liabilities at a sustainable level, the business must keep an eye on its financial obligations and evaluate how rates of interest affect its overall profit margin (Bontis, 2015).

By evaluating differences in all debts over the three previous years, one can gain an understanding of the lodge's entire economic load and monetary obligations. Seacrest Lodge's overall obligations went from £1,530,000 to £1,550,000 during (2022–2023), a small climb. By eliminating debts, capital is the amount that remains in Seacrest Lodge's resources and symbolises investors' ownership investment in the business. A three-year analysis of stock movements offers valuable information regarding the lodge's income retained, investment in capital, and total worth to shareholders (Lai, 2020). Seacrest Lodge's stock dropped significantly between 2021 and 2023.

Decline in Profitability and Current Economy

Examining this group of transactions offers valuable perspectives about the income-gathering methods and transaction trends of the lodge's customers. The amount of receivables decreased gradually over all three years, reaching £50,000 in 2021 and then £30,000 in 2023 as well. *This decline could be the result of several things, such as stricter loan guidelines, better procedures for collecting payments, and fewer transactions on loans.* A decrease in receivables for a company can suggest a downturn in company performance and difficulties bringing in potential customers, even if it equally provides cash flow and lowers the likelihood of bankruptcy (Brown, 2016). Seacrest Lodge could think about putting in place more effective payment and collection practices to deal with the matter.

The amortisation of assets, loss of value, and selling assets could be the root of this decline. Property value declines can lower tax bills and increase disposable income. Still, they can also be a sign of deteriorating facilities and a requirement for expenditures on capital to stay relevant. To improve the guest experience and draw additional business, Seacrest Lodge could think about making renovations and adding fresh conveniences. Good reporting of earnings and tactical

choices can be ensured by regularly performing investment appraisals and degradation evaluations (Hayes, 2017).

The entirety of Seacrest Lodge's components, including cash, receivables accounts, real estate, machinery, and various other intangible and tangible assets, make up all of its assets. The drop is a result of declines in receivables from customers, assets and machinery, cash and substitutes, and assets, suggesting difficulties in sustaining the worth of assets and possible challenges with liquidity (Brown, 2016). Seacrest Lodge can improve its fiscal health and promote future progress through consistent resource evaluations, efficient financial strategies, and a focus on future returns on ventures.

The amount of Seacrest Lodge's debts that have payback terms exceeding one year is referred to as long-term borrowing. Understanding the lodge's stress and financial management tactics can be gained through studying modifications to long-term obligations during the three prior years (Murigu, 2018). Extended liquidity depends on giving top priority to operations that add shareholder appreciation and yield sufficient income to pay off creditors.

Seacrest Lodge's loans, whether permanent and immediate, bills due, and other monetary obligations are combined to form its total liabilities. *This slight rise can be the result of increased urgent requirements like bills due, shifting connections with suppliers, and operational demands* (Kim, 2015). Seacrest Lodge can boost its general liquidity and reduce the risks linked to growing debts by enhancing its liquidity effectiveness, obtaining favorable terms for suppliers, and implementing appropriate borrowing control measures.

Cumulative expenses, dividends to investors, and different factors can impact the retained profit. Reversing the fall in ownership and regaining confidence among investors can be achieved by putting plans in place to increase revenue creation, manage costs, and maximise property utilisation (Nishanthi, 2018).

Turnaround Strategy for Seacrest Lodge

Seacrest Lodge is approaching an important point in the company's growth that calls for an entire recovery plan to halt its economic decline and regain its image as an exceptional tourist spot. The accurate strategy that follows lays down the main steps for enhancing the lodge's cash position while providing it back its unique selling point in the fluctuating lodging sector (Tenkasi, 2016).

Seacrest Lodge is beginning a massive recovery and enhancing operation in an attempt to grab attention once more and draw selective visitors. Remodeling accommodations, improving public spaces, and updating outdoor spaces also require major expenditures (Fairley, 2019). The hotel tries to develop a restoring and environmentally friendly ambiance that appeals to today's travelers by using ecologically friendly strategies and sticking to current regulations. In order to modify Seacrest Lodge to become a top prestige and entertainment location, a concentrated promotion is going to be established. Through employing online mediums and influencer collaborations, the resort is going to boost its popularity and present its distinct goods to a broader demographic. In order to elicit strong feelings and leave an imprint on prospective visitors, narrative and interactive advertising shall be prioritised (Jung, 2020). Acknowledging the changing inclinations of tourists, Seacrest Lodge aims to expand its popularity by introducing fresh experiences and festivities. Partnerships with regional adventurous firms, spa centers, and travel businesses will enhance visitors' experiences and allow them to meet a variety of hobbies. The lodge is going to stand above the competition and become increasingly appealing with specific events and well-chosen offers. Seacrest Lodge's recovery plan is centered on putting client interaction firmly at its highest level.

Workshops for employee education will be expanded in order to improve customer satisfaction and create an exceptional tourism environment. Constant evaluation processes are being put in place to get input from visitors and quickly resolve any problems, making sure that each client has a unique and enjoyable experience (Bhattacharyya, 2020). For optimum income and utilisation rates, pricing procedures are going to be informed by statistics. The implementation of new pricing methods will optimise lodging costs by taking into account variations among requests and industry patterns. In order to improve the entire visitor experience and stimulate extra income development, additional service and package improvements will be implemented. The aim is to enhance productivity and minimise indirect expenses by optimising operations. The goal of partner and supplier conversations is to obtain favorable conditions and save costs without sacrificing reliability (Vargas, 2022).

Lower operation costs and a reduced ecological footprint will be achieved through the implementation of cost-effective projects and waste-minimisation strategies. In order to encourage environmentally friendly tourist activities, Seacrest Resort is going to interact with the local population and establish mutually beneficial relationships. Partnerships with regional companies, workers, and arts organisations will improve the visitor journey while advancing the economic

prosperity of the vicinity (Adriaanse, 2017). The lodge will enhance its image as an ethical global citizen and fortify its relationships with locals by taking part in charitable endeavors and partnerships. Adopting advanced technologies will improve the customer experience and operational effectiveness (Artana, 2018). By automating registrations, bookings, and customer relations, a wireless system for managing properties will increase workforce efficiency and enhance customer experience. Personalised advertisements and specific offerings made possible by statistical analysis and CRM systems can promote visitor participation and commitment (Santana, 2017).

Conclusion

To sum up, the plan of action that has been suggested for Seacrest Lodge is an extensive plan that aims to revive the hotel's finances, restore its standing as an outstanding holiday spot, and set it up for a successful future in the tough lodging sector. Seacrest Lodge can conquer its present obstacles and come out with more resilience and strength than previously by giving reconstruction and advancement projects top priority, stepping up its promotional campaigns, growing the range of services it offers, developing its customer knowledge, streamlining prices and managing income, increasing operational effectiveness, encouraging volunteering, forming beneficial relationships, and utilising technological advances. With integrated efforts and attention to quality, Seacrest Lodge could do well in an industry that is changing quickly and overcoming its present economic challenges. By adopting innovative practices, building visitor devotion, and prioritising environmental responsibility, Seacrest Lodge could prove itself as a desirable location for recreation, generosity, and memorable moments. Seacrest Lodge is ready to begin a fresh phase of wealth and achievement with perseverance, a distinct strategy, and a commitment to providing exceptional service.

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