

# APT® in Action! Case study 1

## Using APT® to calculate the effects of a simple increase in tariffs

### Show me how I can use APT® to:

Calculate the effect on my profits and returns by increasing average nightly tariffs by 10%.

### Step 1: Enter data

When you first enter your data your results screen will look something like this one. Your average nightly tariffs are calculated as well as your return on investment. In this case it is 6.14%.

Per Occupancy Results							
	Total	Cabin/Unit	Cabin/Unit	Cabin/Unit	Cabin/Unit	Caravan Site	Villa/Chalet
	\$	Self Contained	Holiday	Executive	Standard	Powered	Villa with Spa
Occupancy %	-	71.55%	73.97%	70.65%	66.47%	65.55%	58.22%
Average Rate	-	86.74	93.84	106.76	75.48	24.92	95.93
What-If Rate	-						
Utility Recovery	-	0.00	0.00	0.00	0.00	0.00	0.00
Direct Costs	-	(39.96)	(43.78)	(50.86)	(34.06)	(14.26)	(50.09)
Gross Profit Before Depn	-	46.79	50.05	55.90	41.43	10.64	35.84
Depreciation	-	(10.21)	(19.75)	(23.27)	(9.62)	(0.50)	(25.10)
Gross Profit After Depn	-	36.58	30.30	32.63	31.81	10.14	10.74
Gross Profit %	-						
- before depn	-	53.94%	53.34%	52.36%	54.89%	42.70%	37.36%
- after depn	-	42.17%	32.29%	30.56%	42.14%	40.69%	11.20%

Figure 1: Average nightly tariff

Per Annum Results							
	Total	Cabin/Unit	Cabin/Unit	Cabin/Unit	Cabin/Unit	Caravan Site	Villa/Chalet
	\$	Self Contained	Holiday	Executive	Standard	Powered	Villa with Spa
Income	1,210,132	294,490	228,026	220,240	183,126	202,712	81,538
Direct Costs	(696,806)	(135,650)	(106,393)	(104,914)	(82,620)	(116,155)	(51,073)
Gross Profit Before Depn	513,326	158,840	121,633	115,326	100,506	86,557	30,465
Depreciation	(179,413)	(34,667)	(48,000)	(48,000)	(23,333)	(4,080)	(21,333)
Gross Profit After Depn	433,924	124,177	73,641	67,320	77,168	82,489	9,130
Other Income	35,124	-	-	-	-	-	-
Overheads	(403,004)	-	-	-	-	-	-
Other Depreciation	(50,124)	-	-	-	-	-	-
Net Profit							
- before depn (EBITDA)	245,446	-	-	-	-	-	-
- after depn (EBIT)	15,920	-	-	-	-	-	-
Return on Assets							
- before depn	6.14%	-	-	-	-	-	-
- after depn	0.40%	-	-	-	-	-	-

Figure 2: Return on investment

### Step 2: Varying tariffs

You can update as many or as few of the tariffs as you wish.

In this example we have updated all our tariffs. Assuming occupancy remains constant our return on investment increases from 6.14% which is barely above bank interest rates to a more respectable 8.91% (figure 4).

By trying different tariffs you can see the outcome prior to publishing them in the next accommodation directory. This is an easy way to improve your decision-making.

Per Occupancy Results							
	Total	Cabin/Unit	Cabin/Unit	Cabin/Unit	Cabin/Unit	Caravan Site	Villa/Chalet
	\$	Self Contained	Holiday	Executive	Standard	Powered	Villa with Spa
Occupancy %	-	71.55%	73.97%	70.65%	66.47%	65.55%	58.22%
Average Rate	-	90	100	115	85	30	100
What-If Rate	-						
Utility Recovery	-	0.00	0.00	0.00	0.00	0.00	0.00
Direct Costs	-	(38.22)	(43.06)	(50.58)	(35.39)	(15.10)	(50.07)
Gross Profit Before Depn	-	51.78	56.94	64.42	49.61	14.90	41.93
Depreciation	-	(10.21)	(19.75)	(23.27)	(9.62)	(0.50)	(25.10)
Gross Profit After Depn	-	41.57	37.19	41.15	39.99	14.40	16.83
Gross Profit %	-						
- before depn	-	57.53%	56.94%	56.02%	58.36%	49.67%	41.93%
- after depn	-	46.19%	37.19%	35.78%	47.05%	48.00%	16.83%

Update What-If

Restore Default Rates

Figure 3: New average nightly tariff. Then select "Update What-If" to show effects or select "Restore default rates" to cancel.

Per Annum Results							
	Total	Cabin/Unit	Cabin/Unit	Cabin/Unit	Cabin/Unit	Caravan Site	Villa/Chalet
	\$	Self Contained	Holiday	Executive	Standard	Powered	Villa with Spa
Income	1,321,055	305,550	243,000	237,245	206,210	244,060	85,000
Direct Costs	(696,806)	(129,752)	(104,629)	(104,354)	(85,867)	(122,851)	(49,363)
Gross Profit Before Depn	724,249	175,798	138,371	132,891	120,353	121,199	35,637
Depreciation	(179,413)	(34,667)	(48,000)	(48,000)	(23,333)	(4,080)	(21,333)
Gross Profit After Depn	544,847	141,135	90,373	84,895	97,015	117,111	14,302
Other Income	35,124	-	-	-	-	-	-
Overheads	(403,004)	-	-	-	-	-	-
Other Depreciation	(50,124)	-	-	-	-	-	-
Net Profit							
- before depn (EBITDA)	356,369	-	-	-	-	-	-
- after depn (EBIT)	126,843	-	-	-	-	-	-
Return on Assets							
- before depn	8.91%	-	-	-	-	-	-
- after depn	3.17%	-	-	-	-	-	-

Figure 4: New return on assets calculated.

Once you are done, you can keep the updated tariffs or restore default rates using the restore button (figure 3).

### Step 3: Using tariff reckoner

If you charge different rates for different seasons you can use the tariff reckoner to set your different rates to achieve your desired average nightly tariff.

Refer to section 11.3 of the User Guide for details on how to use the Tariff Reckoner. ■