

Case Study - Financial Modelling and Analysis

Strengthening Trust in Travel

SETTING THE SCENE

The Council of Australian Tour Operators (CATO) is the peak travel industry body exclusively representing the domestic and outbound land-supply sector of the Australian travel industry. As the voice of tour operators across the country, CATO plays a central role in supporting members, advocating for the sector, and maintaining professional standards within the industry.

The travel industry operates on a forward-selling model, where customers typically pay in advance for trips that may take place months or even years later. This structure requires operators to maintain strong financial governance to honour their commitments and safeguard customer funds. When external disruptions occur, the financial health of individual operators becomes critical to both business survival and consumer protection.

THE PROBLEM

During the COVID-19 pandemic, the travel industry experienced significant disruption. Forced shutdowns and travel restrictions, both domestic and international, brought operations to a standstill. Many tour operators lost substantial revenue during this period, and those who had not adequately managed their financial reserves found themselves unable to refund customers for cancelled trips or sustain their businesses through the prolonged downturn.

CATO recognised the lasting impact this had on consumer confidence. Travellers were understandably cautious about booking trips in advance, uncertain whether operators could deliver on their commitments. To address this concern and strengthen trust in the sector, CATO determined that an independent annual financial health check should become part of their member accreditation programme. The organisation needed a partner with both the technical capability and industry understanding to develop and deliver this framework.

THE SOLUTION

Moore Australia worked closely with CATO to develop a comprehensive financial health assessment framework tailored to the unique characteristics of the tour operating sector. Drawing on our industry knowledge and experience working with travel agencies and operators, we created a series of thresholds and ratio checks that members would need to meet to maintain their accreditation.

The assessment framework is built around seven core financial health tests, each weighted for risk and sustainability. These tests examine profitability, cash reserves and key financial ratios relevant to forward-selling businesses. Members receive a score for each test, with a passing mark determined by benchmarks agreed in consultation with the CATO Board.

To make the process as straightforward as possible for members, we developed an Excel proforma template that captures the required financial information. Members complete this template and upload it, along with their financial statements, to a secure portal managed by Moore Australia. Our team then reviews and verifies the uploaded information against the provided financials.

Following our analysis, we provide CATO's Managing Director with a simplified scoresheet showing each member's name, membership tier, score and pass or fail status. Data confidentiality remains a priority throughout, and no additional financial details are shared beyond what is necessary for the accreditation decision. The assessment is conducted annually, with results reported between April and June each year based on the previous financial year's figures. Members who do not pass the initial health check are offered remediation services to help strengthen their financial position.

THE RESULTS

Moore Australia now provides CATO's tour operator members with an independent, consistent and industry-literate financial health assessment that determines their accreditation status. The



framework has introduced clear benchmarks that ensure transparency and consistency across all member assessments.

The programme strengthens consumer confidence by giving travellers assurance that accredited operators have met rigorous financial standards. It also reinforces sound financial governance within the sector and helps members clearly understand their liquidity, risk profile and operational sustainability. Additionally, the ongoing collection of anonymised data contributes to industry-wide benchmarking insights, supporting the sector's broader understanding of financial health trends.

THE MOORE DIFFERENCE

Our team's extensive experience in benchmarking and financial risk assessment, combined with deep knowledge of the travel industry, enabled us to develop a framework that addresses the specific challenges of forward-selling businesses. By creating a secure, efficient process that respects member confidentiality while delivering meaningful insights, we have helped CATO establish a credible standard that benefits operators, consumers and the industry as a whole.

“Moore Australia’s financial health assessments give our members clarity on their liquidity, risk profile and operational sustainability. Their work strengthens consumer confidence across the sector and reinforces the sound financial governance that underpins our accreditation programme.”

Brett Jardine, Managing Director - Council of Australian Tour Operators (CATO)

ABOUT NATHAN REICHSTEIN

Nathan prides himself on being more of an extension of his clients businesses than your everyday accountant. He acts as a business coach to his clients to ensure the successful implementation of the strategies he devises. Nathan has experience in strategic and business planning, business growth, improvement planning, and financial modelling including cash flow forecasting, management accounting, and succession planning.

Given Nathan's strong analytical and technical skills he regularly consults with a broad range of clients on these matters. Nathan prides himself on building close relationships with his clients to ensure they meet all of their goals, both business and personal.



About Moore Australia

Moore Australia is a leading independent network of accountants, auditors, and advisors with 600+ professionals across 13 offices nationwide. As part of Moore Global, one of the largest global professional services networks, we connect with 37,000+ experts in 110+ countries.

Our advisors provide a full suite of services, from Tax Planning and Corporate Finance to Sustainability, Audit and Forensic Accounting. We support key sectors driving Australia's economy, including Mining, Energy & Renewables, Agribusiness, Health, Tourism, Technology, and Government.

Find and contact your nearest advisor by visiting our website:
www.moore-australia.com.au

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