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NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Scholarship 2009
Accounting

9.30 am Monday 16 November 2009

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Scholarship Accounting 93203.

Check that this booklet has pages 2–6 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

RESOURCE ONE

Dustmite Limited
Statement of Comprehensive Income for the year ended 31 March 2009

	Notes	NZ$000
Revenue	1	71 250
Other income	2	16 000
Changes in inventory of finished goods		(1 500)
Purchases		(29 750)
Depreciation expense		(5 500)
Employee benefits costs		(18 750)
Loss on disposal of property, plant and equipment		(2 250)
Other expenses		(14 075)
Finance costs	3	(9 625)
Profit before tax	4	5 800
Tax expense		(2 115)
Profit for the year		3 685

Dustmite Limited – Notes to the Financial Statement

		NZ$000
1	**Revenue**	
	Sales	71 250
2	**Other income**	
	Interest received	5 750
	Dividends received	10 250
		16 000
3	**Finance costs**	
	Interest paid	9 625
4	**Profit before tax**	
	Profit before tax has been determined after taking into account the following items:	
	Auditor's remuneration – fee for audit	3 000
	Donations	1 250

RESOURCE TWO

Dustmite Limited

Statement of Comprehensive Income for the year ended 31 March 2009

	Notes	NZ$000
Revenue	1	71 250
Cost of sales		(31 975)
Gross profit		39 275
Other income	2	16 000
Selling and distribution expenses		(12 200)
Administrative expenses		(27 650)
Finance costs	3	(9 625)
Profit before tax	4	5 800
Tax expense		(2 115)
Profit for the year		3 685

Dustmite Limited – Notes to the Financial Statement

	NZ$000
1 Revenue	
Sales	71 250
2 Other income	
Interest received	5 750
Dividends received	10 250
	16 000
3 Finance costs	
Interest paid	9 625
4 Profit before tax	
Profit before tax has been determined after taking into account the following:	
Classification of expenses by nature	
Changes in inventory of finished goods	1 500
Raw materials and consumables used	29 750
Depreciation expense	5 500
Employee benefits costs	18 750
Auditor's remuneration – fee for audit	3 000
Bad debts	3 625
Donations	1 250
Loss on disposal of property, plant and equipment	2 250

RESOURCE THREE

Restaurant Brands Limited
Segment Report

	KFC			Pizza Hut NZ			Starbucks Coffee			Pizza Hut Victoria			Other			Consolidated		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
$NZ000																		
Business segments																		
Store sales revenue	199 116	182 673	171 812	71 419	79 721	89 086	33 012	31 252	27 865	6 275	25 068	27 589				309 822	318 714	316 352
Other revenue													447	415	389	447	415	389
Total operating revenue	**199 116**	**182 673**	**171 812**	**71 419**	**79 721**	**89 086**	**33 012**	**31 252**	**27 865**	**6 275**	**25 068**	**27 589**	**447**	**415**	**389**	**310 269**	**319 129**	**316 741**
Concept EBITDA before general and administration expenses	36 602	31 216	29 630	4 676	5 060	11 812	3 852	3 645	3 946	-	(2 931)	(330)	-	-	-	45 130	36 990	45 058
Depreciation	(5 833)	(4 919)	(3 846)	(4 244)	(3 682)	(2 890)	(1 941)	(1 711)	(1 463)	-	-	(1 838)	(398)	(443)	(961)	(12 416)	(10 755)	(10 998)
Amortisation	(552)	(189)	(41)	(235)	(187)	(154)	(211)	(217)	(208)	-	-	(158)	(285)	(289)	-	(1 283)	(882)	(561)
Segment result (EBIT) before non-trading	**28 293**	**24 171**	**23 883**	**(1 149)**	**(417)**	**7 044**	**676**	**733**	**1 342**	**-**	**(3 921)**	**(3 548)**	**(6 680)**	**(7 264)**	**(8 130)**	**21 140**	**13 302**	**20 591**
Impairment on property, plant and equipment	(326)	(840)	(429)	(209)	(502)	(786)	-	-	(425)	-	(5 862)	(3 681)	-	-	-	(535)	(7 204)	(5 321)
Impairment on intangibles	-	-	-	(1 187)	(1 142)	-	-	-	-	-	(702)	(3 434)	-	-	-	(1 187)	(1 844)	(3 434)
Other non-trading*	(507)	(1 188)	(105)	(686)	213	(436)	200	-	-	(681)	(3 371)	(167)	(689)	(965)	246	(2 363)	(5 311)	(462)
Segment result	**27 460**	**22 143**	**23 349**	**(3 231)**	**(1 848)**	**5 822**	**876**	**733**	**917**	**(681)**	**(13 856)**	**(10 830)**	**(7 369)**	**(8 229)**	**(7 884)**	**17 055**	**(1 057)**	**11 374**
Operating profit (loss) (EBIT)																17 055	(1 057)	11 374
Net financing costs																(4 953)	(3 409)	(2 310)
Net profit (loss) before taxation																12 102	(4 466)	9 064
Income tax (expense)																(3 087)	912	(3 867)
Net profit (loss) after taxation																9 015	(3 554)	5 197
Net profit after taxation excluding non-trading																**11 044**	**6 542**	**12 326**
Segment assets	53 868	48 516	33 136	43 312	48 990	50 085	12 707	15 595	15 972	22	437	8 387	1 298	1 770	331	111 207	115 308	107 911
Unallocated assets																1 762	2 426	1 379
Total assets																**112 969**	**117 734**	**109 290**
Segment liabilities	11 833	13 754	8 605	3 596	6 170	6 880	1 567	1 493	1 564	1 287	3 530	3 799	2 241	1 628	1 239	20 524	26 575	22 087
Unallocated liabilities																56 608	58 528	43 293
Total liabilities																**77 132**	**85 103**	**65 380**
Capital expenditure including intangibles	12 024	22 028	9 408	2 421	5 310	8 186	616	1 715	2 942	-	97	1 272	335	1 345	530	15 396	30 495	22 338

* Other is general and administration support centre expenses.

RESOURCE FOUR

Stronger KFC offsets 'disappointing' Pizza Hut

Restaurant Brands New Zealand has failed to meet a target of halting the slide in sales at its Pizza Hut chain by its balance sheet date.

Back in September, the listed Auckland fast-food chain firm's chief executive, Russel Creedy, said the company expected by now "to have rectified things and be back into growth in sales" at Pizza Hut.

However, sales figures for the fourth quarter of the year to February 25 released yesterday showed a 12.9% drop in Pizza Hut's sales to $15 million. Same-store sales slipped 8.2%.

In a statement, Creedy described the Pizza Hut result as disappointing "in a very competitive market". He could not be contacted for comment yesterday.

The results from the pizza chain offset a further strong performance from the revamped KFC brand, which now accounts for two-thirds of Restaurant Brands' sales.

Total sales for the whole of Restaurant Brands were up 1% on the same time a year ago to $70.4m while same-store sales gained 1.9%.

Source: *The Press*, 7 March 2008, Ed 2, p 8.

RESOURCE FIVE

Colonel's recipe bolsters profits

Kiwis' love affair with KFC is being billed by fast food company Restaurant Brands as a vital buffer against a downturn in consumer spending and increased market competition.

The listed company, which holds New Zealand's KFC Pizza Hut and Starbucks franchises, reported a first-half profit plunge of 47 per cent, citing higher input costs and more market players amid a tough retail environment.

Reported profit across the group was down to $2.4 million for six months to September 8, while net profit after tax excluding non-trading items slipped 14.7 per cent to $4.6 million.

Non-trading items amounted to $3.2 million, mainly an impairment charge of $2.5 million to the carrying value of goodwill for Pizza Hut.

"Whilst the overall result is below the prior year, directors are satisfied that this is an acceptable outcome in a tough retail environment with continuing inflationary pressures on input costs," chief executive Russel Creedy said.

Restaurant Brands stock plummeted nearly 20 per cent in the past six months, with rising fuel and mortgage costs and the forced closure of three unprofitable Pizza Hut stores biting into earnings. Shares closed the day at a year low of 63c, down 2c yesterday.

The ailing pizza business remains Restaurant Brands' Achilles' heel. The brand's first-half sales fell 9.4 per cent, while EBITDA was $1.1 million, down 47.2 per cent. Three stores closed during the half, and two more second-half closures are forecast.

Directors blamed the competitive nature of the pizza industry, in which Pizza Hut is sandwiched between Domino's Pizza and Hell Pizza, but they said the brand would continue to fight for market share while reviewing alternative ownership and operation options.

In contrasting fortunes, KFC reported record sales for the period – revenue up 4 per cent – driven by improved facilities and the rollout of fresh menu ideas. EBITDA fell 3.2 per cent, however, on the back of rising chicken prices and expensive marketing campaigning.

The closure of two Starbucks outlets meant the brand was unable to sustain record sales growth, with revenue down 0.6 per cent to $17.3 million. Further "minor store rationalisation" is planned.

Source: *The Press*, 10 October 2008, Ed 2, p 7.