



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

**The HKICPA Accounting and
Business Management
Case Competition**

2014-15

**Secondary School Group
(Level 2)**

Established in 1991, Luk Fook Holdings (International) Limited ("Lukfook") is one of the leading jewellery retailers in Hong Kong and Mainland China.

Lukfook principally engages in the sourcing, designing, wholesaling, trademark licensing and retailing of a variety of gold and platinum jewellery, gold ornaments and gem-set jewellery, with a total of over 1,300 "Lukfook Jewellery" shops in Hong Kong, Macau, Mainland China, Singapore, the United States, Canada and Australia. The corporate vision of Lukfook is to be the "Brand of Hong Kong, Sparkling the World". This is also the core brand value of Lukfook.

Lukfook was listed on the Main Board of The Stock Exchange of Hong Kong Limited in May 1997, with stock code 0590.

For the year ended 31 March 2014, the revenue of Lukfook increased by 43.3% to HK\$19 billion, marking the 10th consecutive year of record high. The profit attributable to equity holders hit its record high and reached HK\$1,865 million, representing a 50.0% increase. Basic earnings per share were HK\$3.17.

On 6 June 2014, Lukfook completed the acquisition of 50% interest in the issued share capital of China Gold Silver Group Company Limited, an operating company engaging in jewellery retailing and franchising under the brandname of "3D-GOLD", and kicked off the dual brand strategy to mark a new page of Lukfook.

REQUIRED

There has recently been a public call in Hong Kong to curb the number of mainland visitors who are allowed to visit Hong Kong under the Individual Visit Scheme (IVS). Any future change in the IVS will inevitably pose a challenge to Lukfook's financial performance which has remained strong owing to the influx of mainland visitors over the past decade.

Lukfook has therefore invited you, as a management consultant, to prepare a business proposal to:

- Part A Review Lukfook's overall **group** financial performance for the past TWO years, from 2013 to 2014; and
- Part B Formulate a business plan of HK\$10 million for the coming TWO years (i.e. from 2015 to 2016) to further enhance the performance of **Lukfook's Hong Kong retailing business.**

Your business proposal should include the following:

- A) Executive summary
A concise summary of Lukfook's vision, current state of business, the analysis you have performed and its key findings, and the main conclusion and key recommendations of your business plan.
(5 marks)
- B) Introduction
The background, the objectives, and scope of your business proposal.
(3 marks)
- C) **Part A – An overall review of Lukfook's group financial performance**

A comprehensive analysis of Lukfook's group financial performance for 2013 and 2014 with appropriate interpretation.
 - Profitability in terms of mark up, gross profit ratio, net profit ratio, return on capital employed, return on assets and return on equity;
 - Asset utilization in terms of inventory turnover, average inventory turnover period, trade receivables turnover, average trade receivables collection period, trade payables turnover, average trade payables repayment period and total assets turnover;
 - Short-term liquidity in terms of cash conversion cycle, current ratio, quick ratio and cash ratio;
 - Long-term solvency ratios in terms of gearing ratio, debt to equity ratio and time interest earned.(30 marks)
- D) **Part B - Formulate a business plan for Lukfook's Hong Kong retailing business**

(a) Financial situation of Lukfook's Hong Kong retailing business for 2013 and 2014
 - Profitability in terms of net profit ratio and return on assets;
 - Asset turnover ratio.(10 marks)

- (b) Strategic analysis of Lukfook's Hong Kong retailing business
- Non-financial analysis in terms of external environment, internal capabilities and resources, product portfolio, competitive positioning in the industry, key success factors, etc.

(20 marks)

(c) Business plan

- A business plan of HK\$10 million to enhance the sustainability of Lukfook's Hong Kong retailing business for 2015 and 2016.
- In order to evaluate the effectiveness of your recommendations, you are required to elaborate on your ideas with detailed implementation plan(s), a budgeted income statement showing the projected financial impact and other possible outcomes of your business plan if any.

(30 marks)

E) Appendices

- References, glossary of terms
- Details of market research (if any)

(2 marks)

(Total: 100 marks)

Notes

- (1) In preparing your business proposal, you should refer to Lukfook's annual reports and information, which are available on Lukfook's website, or any other sources which you think are relevant.
- (2) You are required to carry out a detailed financial analysis for **the past TWO years, from 2013 to 2014**, and make sure all calculations are supported by appropriate formulae.
- (3) In preparing the business proposal, you should:
 - ensure that all your suggestions and recommendations are in line with Lukfook's vision, mission and values;
 - quote references from the annual reports with their page numbers ;
 - state all relevant information such as charts, graphs, published information, references, research findings and copies of questionnaires (if any), etc., for reference under the **Appendices** section;
 - state clearly any underlying assumptions which can justify your analysis and recommendations; and
 - support all your calculations with workings and explanations.

Useful reference

HKICPA Accounting and Business Management Case Competition Website

www.hkicpa.org.hk/en/become-a-hkicpa/exam-bafs/cpa-bm-case

Competition Facebook Page

www.hkicpa.org.hk/facebook/casecomp

Lukfook website

www.lukfook.com

REPORT FORMAT AND RULES

1. Each team should submit a business proposal in English. The language used depends on the choice indicated on the registration form.

1. Cover page* (This page is not counted in the page limit.)
2. Table of contents
3. Contents
4. Appendices/ graphs/ references
5. Survey questionnaire and its results# (if any) (This part is not counted in the page limit.)

Page limit

10 to 15 pages of A4 paper for reports submitted in English

* *Each proposal should use a standardized HKICPA cover sheet with the name(s) of the participating students, the school at which they are studying, as well as the contact number and e-mail address of the team leader. The cover sheet is appended at the end of the case question for download.*

Please include survey questionnaires and results in the last part of the report, if any, so that the number of pages can be counted easily.

2. To save paper, your proposal should be printed double-sided (except the cover sheet). Font type and size: English report – Arial (12 points). 1.5 line spacing. Margin: 1 inch for each side.
3. The proposal SHOULD NOT be put in any folders/files nor be bound in a book.
4. The content pages SHOULD NOT include the names of team members and the school at which they are studying.
5. Each team should submit the following documents:
 - A HKICPA cover sheet;
 - **TWO hard copies** of the business proposal ;
 - **A soft copy** (in both MS word and PDF format saved in a CD-ROM); and
 - A completed competition questionnaire (this can be downloaded together with the question).
6. You may insert the above documents in an envelope and submit it to the HKICPA by hand or by post to 27/F, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. Please state the reference "**HKICPA Accounting and Business Management Case Competition Secondary School Group (Level 2)**" on the envelope.
7. The deadline for submission is **9:30 am, 2 March 2015**. For proposals that are submitted by post, the postmark date has to be at least two days before the deadline.
8. The HKICPA has the right to disqualify any participant or team if the participant or team is found to have violated the rules of the competition.



The HKICPA Accounting and Business Management Case Competition 2014-2015

(Level 2)

Cover Sheet

(Please attach this cover sheet to your business proposal)

(Please complete in BLOCK LETTERS)

School name

Participant information:

Team leader

Name*

Form

Email

Contact number

Team member 2

Name*

Team member 3

Name*

Team member 4 (if any)

Name*

Team member 5 (if any)

Name*

*The names should be identical to the one you have provided on the application form, which will be used for printing certificate.

Document checklist (Please ✓ the boxes.)

- Two hardcopies of your business proposal
- A soft copy (in both MS word and PDF format saved in a CD-ROM)
- A completed competition questionnaire (to be completed by each team)

^ Any missing documents or incomplete proposal may result in the disqualification of your participation.

For official use:

Business proposal received on:

Total marks:

Team no.:

Handled by:

Remarks:



香港會計師公會會計及商業管理個案比賽 2014-2015 (中學組)
The HKICPA Accounting and Business Management Case Competition 2014-2015
(Secondary School Group)

比賽問卷調查 – 第二級別 (商業企劃書)
Competition Questionnaire – Level 2 (Business proposal)

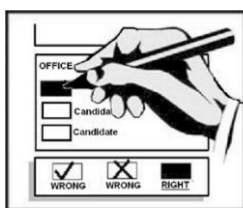
(由參賽隊伍填寫 For participating teams)

此問卷之目的為收集參賽同學對比賽安排之意見，以便我們日後作出改善。每個參賽單位只須填寫一份問卷，填妥後請連同閣下之企劃書一併交回香港會計師公會。

This questionnaire is used to collect the participating students' feedbacks on the competition arrangement which are important to us for improvement. Each participating unit shall complete one questionnaire only. Please spend a few minutes to complete this questionnaire and return it together with your proposal to the HKICPA.

請在適當位置填寫。

Please **fill in** the box where appropriate.



1. 你們為何參加這個比賽？可選擇多於一項。

Why did you join the competition? You can select more than one option.

- 老師建議 Recommended by teacher
- 汲取實戰經驗 Gain real-world experience
- 提升會計知識 Enhance our accounting knowledge
- 擴闊眼界 To widen the horizon
- 豐富「其它學習經歷」 Enhance our profile for OLE
- 其它 Others (請說明 Please specify: _____)

2. 每隊參賽人數的規限是否適當(即每隊三至五人)?

Is the specification on the number of team members (i.e. 3 to 5 members per team) appropriate?

- 是 Yes
- 否, 太多 No, too many
- 否, 不足夠 No, not enough

3. 比賽之評審準則有否清楚說明? Are the judging criteria clearly defined?

- 是 Yes
- 否 No

4. 大會所規定之企劃書頁數(即英文企劃書為 10-15 頁，中文企劃書為 8-12 頁)是否恰當?

Is the specified page limitation (i.e. 10-15 pages for English proposal and 8-12 pages for Chinese proposal) appropriate for the business proposal?

- 是 Yes
- 否 No (請說明 please specify: _____)

5. 比賽題目之深淺程度是否恰當？ Is the level of difficulty in the case competition appropriate?
- 是 Yes
 - 否，太容易 No, too easy
 - 否，太艱深。請說明原因： No, too difficult. *Please specify the reason(s):*
 - 指引及參考資料並不足夠 guidelines and references are not enough
 - 題目之要求並不清楚 instructions of questions are not clear
 - 超越課程範圍 out of syllabus
 - 題目涉獵之範圍太廣 the covered areas are too broad
 - 需要太多資料搜集 too much research are required
 - 需花太多時間準備 too much time commitment
 - 其它 others (請說明 please specify: _____)
6. 你們認為大會所給予之企劃書準備時間(即大概三個月)是否足夠？
Do you think the time allowed to prepare for the business proposal (i.e. around 3 months) is sufficient?
- 是 Yes
 - 不足夠 Not sufficient time (請說明 please specify: _____)
7. 你的組員大約共花了多久準備企劃書？(例：如你的隊伍有五位隊員，而每隊員花了 2 小時準備，即你們共花了 10 小時。)
Approximately how many man-hours have your team spent in preparing the proposal? (E.g. If you team has 5 team members. Each member has spent 2 hours, then the total man hours will be 2 hours x 5 members =10 man hours)
- 少於 50 小時 Less than 50 man hours
 - 50 – 100 小時 50 – 100 man hours
 - 101 – 200 小時 101 – 200 man hours
 - 超過 200 小時 Over 200 man hours
8. 你們是否滿意由香港會計師公會所提供的支援，如簡介會、商業講座？
Are you satisfied with the support from HKICPA e.g. briefing session, business seminar?
- 是 Yes
 - 否 No (請說明 please specify: _____)
9. 參加這個比賽，對你們應用會計資訊以發展商務方面的能力有沒有提高？
Has your ability in using accounting information for business development been enhanced as a result of joining the competition?
- 有 Yes
 - 沒有 No
10. 參加這個比賽有沒有增加你們對 BAFS/ 會計的興趣/ 認識？
Did the Competition enhance your interest/ understanding in BAFS/ accounting?
- 有 Yes
 - 沒有 No

11. 有哪些因素影響你們參加比賽? (請把 1-5 排名, "1"代表最重要, "5"代表最不重要)
What factors affect your decision to join the competition? (please rank 1-5, "1" for the most important factor and "5" for the least important factor)
- () 選取個案公司年報的複雜性 Complexity of the annual report of the selected company
 - () 選取個案公司業務的複雜性 Complexity of the business of the selected company
 - () 選取個案公司的熟悉程度 The popularity of the selected company
 - () 比賽獎項的吸引力 The attractiveness of the prizes
 - () 比賽時間表 The schedule of the competition
 - () 給予參賽同學安排的商業講座 The business seminar organized for participating students
 - () 其他 Others (請說明 please specify: _____)

12. 以下哪類公司會較吸引你們參加比賽? (請每組選一項)
Which of the following type of company do you think is more appealing to you for joining the competition?
(please choose ONE option for each category)

(i) 工業類別 Industry

- 零售業 Retail
- 服務業 Service
- 製造業 Manufacturing
- 貿易行業 Trading

(ii) 業務型式 Business nature

- 單一公司業務 Single business
- 企業集團業務 Conglomerate*

(iii) 地域性 Geographical spread

- 跨國公司 Multinational corporation*
- 香港獨有 Hong Kong specific

*企業集團/ 跨國公司的綜合年報可能沒有提供足夠的信息作詳細分析

* The consolidated annual reports of these companies may not contain sufficient information for detailed analysis.

13. 你們會建議其他同學參加這比賽嗎? Will you recommend others to join the competition?
- 會 Yes
 - 不會 No (請說明 please specify: _____)

建議或意見 Suggestions / comments

**多謝 Thank you **



**The HKICPA Accounting and Business Management Case Competition 2014-2015
(Secondary School Group)**

Competition Questionnaire
(For teachers)

This questionnaire is used to collect the teachers' feedbacks on the competition arrangement which are important to us for improvement. Please spend a few minutes to complete this questionnaire and return to us together with students' report, via fax (2147-3293) or via email (etd@hkicpa.org.hk) on or before 31 March 2015.

1. Why did you recommend your students to join the competition? You can select more than one option.

- | | |
|--|---|
| <input type="checkbox"/> Students can gain real-world experience | <input type="checkbox"/> Enhance students' accounting knowledge |
| <input type="checkbox"/> The prizes are attractive | <input type="checkbox"/> Can widen students' horizon |
| <input type="checkbox"/> Business seminars are practical | <input type="checkbox"/> Fulfill the requirements of OLE and SBA under NSS curriculum |
| <input type="checkbox"/> Two levels of difficulties to cater different needs of students | <input type="checkbox"/> Others, please specify: _____ |
| <input type="checkbox"/> Make it as a classroom exercise | |

2. How many students/ teams from your school joined this competition?

Level 1 _____ students (s) Level 2 _____ team(s)

3. Have you provided any support to your students during the process of preparing the analysis / business proposal?

- Yes (go to Q.4) No (go to Q.6)

4. Approximately how many hours *in total* have you spent in supporting all the teams?

- Less than 20 hours 21 – 40 hours More than 40 hours

5. In what way did you provide support to your students? You can select more than one option.

- | | |
|---|---|
| <input type="checkbox"/> Provide guidance on interpreting the question | <input type="checkbox"/> Provide guidance on doing research |
| <input type="checkbox"/> Provide guidance on analysis / proposal writing (format, grammar, etc) | <input type="checkbox"/> Provide class time for students to discuss / prepare |
| <input type="checkbox"/> Others, please specify: _____ | |

6. Is the limitation on number of teams for Level 2 Competition (i.e. maximum 8 teams) nominated by each school appropriate?

- Yes No, too many (Please specify: _____) No, not enough (Please specify: _____)

7. Is the limitation on the number of team members for Level 2 Competition (i.e. maximum 5 members per team) appropriate?

- Yes No, too many (Please specify: _____) No, not enough (Please specify: _____)

8. Are the judging criteria clearly defined?

- Yes No

9. Is the specified page limitation appropriate for the analysis / business proposal?

Level 1

- Yes No, too many (Please specify: _____) No, not enough (Please specify: _____)

Level 2

- Yes No, too many (Please specify: _____) No, not enough (Please specify: _____)

10. Is the level of difficulty in this case competition appropriate?

Level 1

- Yes No, too easy No, too difficult. Please specify the reason(s):
- guidelines and references are not enough
 - instructions of questions are not clear
 - out of syllabus
 - the covered areas are too broad
 - too much research are required
 - too much time commitment
 - others, please specify: _____

Level 2

- Yes No, too easy No, too difficult. Please specify the reason(s):
- guidelines and references are not enough
 - instructions of questions are not clear
 - out of syllabus
 - the covered areas are too broad
 - too much research are required
 - too much time commitment
 - others, please specify: _____

11. Do you think the time allowed is sufficient for your students to prepare for the analysis / business proposal?

Level 1

- Yes Not sufficient time (Please specify: _____)

Level 2

- Yes Not sufficient time (Please specify: _____)

12. Do you think the competition schedule (from Oct 2014 to May 2015) matches your school's teaching schedule?

- Yes No (Please specify: _____)

13. Are you satisfied with the support from HKICPA e.g. briefing session, business seminars, etc?

- Yes No (Please specify: _____)

14. Can students benefit from this competition in terms of enhancing their ability in using accounting information for business development?

- Yes No

15. What factors affect your decision to recommend students to join the competition? (please rank 1-5, "1" for the most important factor and "5" for the least important factor)

- () Complexity of the annual report of the selected company (whether the annual report is too complicated for the students)
- () Complexity of the business of the selected company (whether the business nature is too difficult for students)
- () The popularity of the selected company (whether students are familiar with the company)
- () The attractiveness of the prizes
- () The schedule of the competition
- () The business seminars organized for participating students
- () Others (please specify: _____)

16. Which of the following type of company do you think is more appealing to students for joining the competition? (please choose ONE option for each category)

(i) Industry

- Retail
- Service
- Manufacturing
- Trading

(ii) Business nature

- Single business
- Conglomerate*

(iii) Geographical spread

- Multinational corporation*
- Hong Kong specific

* The consolidated annual reports of these companies may not contain sufficient information for detailed analysis.

17. Will you recommend your students to join the competition next year?

- Yes
- No (Please specify: _____)

18. Are you teaching the subject of Business, Accounting and Financial Studies?

- Yes
- No (Please specify: _____)

Suggestions and comments

** Thank you for your time **