



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 1)**

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 10<sup>th</sup> 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**

Assume that you are newly employed by Lukfook as a financial analyst. Your supervisor asks you to prepare an analysis to study the Group's financial and business environment. Your report should include the following sections:

## A) Financial analysis

A tabular analysis of Lukfook's group financial ratios with appropriate interpretation and all calculation must be supported by appropriate workings:

	Formula	2014	2013	Ref. page on annual report
<b>Profitability ratios</b>				
Mark up	$\frac{\text{Gross profit}}{\text{Cost of goods sold}} \times 100\%$			P.74 -77
Gross profit ratio	$\frac{\text{Gross profit}}{\text{Sales}} \times 100\%$			P.74 -77
Net profit ratio	$\frac{\text{Net profit before tax}}{\text{Sales}} \times 100\%$			P.74 -77
Return on capital employed	$\frac{\text{Profit before interest and tax}}{\text{Average capital employed}} \times 100\%$			P.74 -77
Comments				
<b>Asset utilization ratios</b>				
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average inventory}}$			P.74 -77
Average inventory turnover period	$\frac{\text{Average inventory}}{\text{Cost of goods sold}} \times 365 \text{ days}$			P.74 -77
Trade receivables turnover	$\frac{\text{Credit sales}}{\text{Average trade receivables}}$			P.74 -77, 123
Average trade receivables collection period	$\frac{\text{Average trade receivables}}{\text{Credit sales}} \times 365 \text{ days}$			P.74 -77, 123
Trade payables turnover	$\frac{\text{Credit purchases}}{\text{Average trade payables}}$			P.74 -77, 145
Average trade payables repayment period	$\frac{\text{Average trade payables}}{\text{Credit purchases}} \times 365 \text{ days}$			P.74 -77, 145
Total assets turnover	$\frac{\text{Sales}}{\text{Total assets}}$			P.74 -77
Comments				

<b>Liquidity ratios</b>				
Cash conversion cycle	Average inventory turnover period + Average trade receivables collection period – Average trade payables repayment period			P.74 -77, 123, 145
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}} : 1$			P.74 -77
Quick ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} : 1$			P.74 -77
Comments				
<b>Solvency ratios</b>				
Gearing ratio	$\frac{\text{Non current liabilities} + \text{Preference share capital}}{\text{Non current liabilities} + \text{Shareholders' fund}} \times 100\%$			P.74 -77
Comments				

(70 marks)

## B) Business analysis

In respect of each of the following areas, conduct a business analysis to identify at least **three** examples of Lukfook's achievements and make **one** suggestion for improvement:

Community Care Service	Achievements:
	Improvement:
Environmental Protection	Achievements:
	Improvement:
Corporate Governance	Achievements:
	Improvement:

(30 marks)

(Total: 100 marks)

**Notes**

- (1) In preparing your analysis, you should refer to Lukfook's 2012, 2013 and 2014 annual reports and information which are available at the Company's website at [www.lukfook.com](http://www.lukfook.com), or any other sources which you think are relevant.
- (2) You are required to carry out a tabular financial analysis for **the past TWO years, from 2013 to 2014**, and make sure all calculations follow the appropriate formulae. All calculation must be supported by appropriate workings.
- (3) Make clear references to all materials used in the analysis.

**Useful reference**

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

[www.hkicpa.org.hk/en/become-a-hkicpa/exam-bafs/cpa-bm-case](http://www.hkicpa.org.hk/en/become-a-hkicpa/exam-bafs/cpa-bm-case)

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**Competition Facebook Page**

[www.hkicpa.org.hk/facebook/casecomp](http://www.hkicpa.org.hk/facebook/casecomp)

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**Lukfook website**

[www.lukfook.com](http://www.lukfook.com)

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## REPORT FORMAT AND RULES

1. Each participating student or team should submit a report in English. The language used depends on the choice indicated on the registration form. The report should contain the following:

1. Cover sheet\* (This page is not counted in the page limit.)
2. Table of contents
3. Contents – A) Financial analysis  
B) Business analysis
4. Appendices/ graphs/ index/ references (if any)

### **Page limit**

4-6 pages of A4 paper for reports submitted in English

*\* Each report 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.*

2. To save paper, your report 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 report 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 participating student or team only needs to submit **one hardcopy** of the report together with the following materials:
  - A HKICPA cover sheet; 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 1)***" on the envelope.
7. The deadline for submission is **9:30 am, 2 March 2015**. For reports 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 1)**

**Cover Sheet**

(Please attach this cover sheet to your analysis)

(Please complete in BLOCK LETTERS)

**School name**

**Format**

\_\_\_\_\_

Team / Individual # (#please delete as appropriate)

**Participant information:**

Team leader / Individual participant

Name\*

Form

Email

Contact number

Team member 2 (if any) Name\*

Team member 3 (if any) 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.)**

- A hard copy of your analysis
- A completed competition questionnaire (to be completed by individual participant or each team)

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

**For official use:**

Report 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 – 第一級別 (財務及商業管理分析)  
**Competition Questionnaire – Level 1 (Financial and business management analysis)**

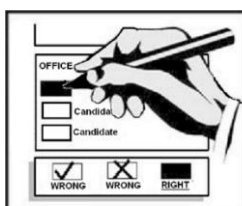
(由參賽學生/隊伍填寫 For participating students/ teams)

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報告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 report 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(即個人或每隊最多五人)?  
Is the specification on the number of team members (i.e. individual or up 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. 大會所規定之報告頁數(即英文報告為 4-6 頁，中文報告為 3-4 頁)是否恰當?  
Is the specified page limitation (i.e. 4-6 pages for English report and 3-4 pages for Chinese report) appropriate for the written report?
- 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報告準備時間(即大概三個月)是否足夠?  
Do you think the time allowed to prepare for the analysis report (i.e. around 3 months) is sufficient?
- 是 Yes
- 不足夠 Not sufficient time (請說明 please specify: \_\_\_\_\_)
7. 你(或你的組員)大約共花了多久準備報告? (例: 如你們以隊制形式參加，並有五位隊員，而每隊員花了 2 小時準備，即你們之隊伍共花了 10 小時。)  
Approximately how many man-hours have you (or your team) spent in preparing the report? (E.g. If you join the competition on team basis and there are 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

( ) 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](mailto: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

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\*\* Thank you for your time \*\*