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Scholarship 2015 Accounting

2.00 p.m. Monday 23 November 2015

RESOURCE BOOKLET

Refer to this booklet to answer Question Five for Scholarship Accounting.

Check that this booklet has pages 2–9 in the correct order and that none of these pages is blank.

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

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RESOURCE A**Rough patch for clothing company**

Pumpkin Patch's share price has plunged more than 19 per cent to an all-time low after it reported a profit "well below acceptable levels". The children's clothing company posted a tax-paid profit of \$106 000 for the half year to January 31, down 98 per cent on a year earlier.

...

Pumpkin Patch was continuing its strategic review, but shareholders still had some "pain to go through", Williamson said, and that it would be at least a further 12 months before signs of a turnaround started to emerge.

Source (adapted): Laura Walters, *The Dominion Post*, 20 March 2014, ed. 1, p. 6.

RESOURCE B**Middle East hot for retailer:*****Pumpkin Patch* sees opportunity for more stores across region with large families**

Pumpkin Patch says it could open up to 40 more stores across the Middle East, a lucrative region for children's clothing retailers, where big families are the norm.

...

Pumpkin Patch, which closed its stores in Britain and the United States after the global financial crisis, first entered the Middle East in 2005.

Source (adapted): Christopher Adams, *The New Zealand Herald*, 9 April 2014, p. B5.

RESOURCE C**Warm weather chills retailers' profit prospects**

With New Zealand's economy expanding at its fastest pace in eight years, listed retailers could be expected to be riding high.

...

The Warehouse shares closed up 3 cents at \$3.16 yesterday.

Source (adapted): *The New Zealand Herald*, 4 July 2014, p. C8.

RESOURCE D***Pumpkin Patch stores may close***

Struggling children's wear retailer *Pumpkin Patch* is considering closing stores and refreshing its brand and product line, chairman Peter Schuyt says.

...

The company previously reported a \$10.1 million after-tax loss for the year to July 31 on a 16 per cent drop in sales to \$240.9 million.

Source (adapted): John Anthony, *The Timaru Herald*, 26 November 2014, ed. 1, p. 6.

RESOURCE E**Accounting expert says troubled chain may be worth more broken up**

The woes of one-time market star *Pumpkin Patch* continue, with one accounting professor saying the struggling retailer may now be worth more to shareholders broken up than as a trading whole.

...

Schuyt agreed with this analysis.

“Everyone can read the balance sheet and see our principal asset is stock, we have to do it,” he said.

Source (adapted): Matt Nippert, *The New Zealand Herald*, 5 December 2014, p. C2.

RESOURCE F***Pumpkin Patch* dismisses Rod Duke assistance talk**

Children's clothing chain *Pumpkin Patch* says a rumour that *Briscoe* boss Rod Duke stands ready to help the company financially is "pure speculation".

...

Its first-half results are expected in March.

Source (adapted): Catherine Harris, *The Southland Times*, 16 January 2015.

RESOURCE G***Pumpkin Patch* sees daylight but not yet out of the woods**

Struggling children's wear retailer *Pumpkin Patch* is in the black, but says it is looking at all options, including a funding injection or possible takeover of the business.

...

Shares in *Pumpkin Patch* last traded at 21 cents on Thursday.

Source (adapted): Catherine Harris, *Waikato Times*, 21 March 2015, ed. 1, p. 9.

RESOURCE H***Pumpkin Patch* cold water fails to douse investors' enthusiasm**

Pumpkin Patch's attempt to hose down market enthusiasm about a potential takeover failed to have the desired effect yesterday.

...

Through flagging the potential for a takeover, the company has made it abundantly clear that it no longer wants to go it alone.

Source (adapted): *The New Zealand Herald*, 24 March 2015, p. B1.