

Exercise 1: Coast Sports

Write a business news story of 300 words about a company announcing a record profit. Base your story on the material provided below:

- An Income Statement released yesterday by Coast Sports, a fictional outdoor equipment retailer
- Some additional facts and performance figures from the company
- Quotes from two sources: the company's chief executive and an investment analyst.

Use what information you consider the most important. Lead the story with an intro that summarises the news and brings the reader the latest information.

COAST SPORTS

Income Statement

	Year to March 31	(previous year)
	NZ\$000	NZ\$000
Sales	45,046	40,105
Cost of sales	14,368	12,772
Gross profit	30,678	27,333
Research/development expenses	10,202	8,096
Sales/distribution expenses	8,736	8,023
Administrative expenses	3,711	3,870
Depreciation	2,800	3,054
Operating profit (EBIT)	5,229	4,290
Taxes	1,799	1,734
Financing expenses	49	107
Net profit	3,381	2,449
Shares issued (no.)	7,700,700	7,700,700
Net profit per share in NZ\$	0.44	0.32

Company facts

Coast Sports is an outdoor equipment retailer based in Napier.

It has 42 stores in New Zealand, Australia and the UK.

The company has 260,000 Coast club members, up 6 per cent in last year.

Sales of \$45,046,000 were up 12.33% per cent on the previous year.

The share price on 2 January was NZ\$1.60. Yesterday, the share price jumped 4.2 per cent and ended at NZ\$1.94.

The dividend for the 6 months ending 31 March was 5 cents per share. The dividend for the interim 6 months ending 30 September was 4 cents per share.

Reuters tracks the analyst rating of Coast Sports shares. The company currently has a rating of either 'buy' or 'outperform', based on recommendations from four analysts. Their median 12-month target share price is \$2.20.

Deb Tahana, chief executive of Coast Sports

"Exports made up 64 per cent of our sales figure. Our same-store sales growth in Australia was up nearly 20 per cent, despite the exchange rate working against us for most of the year. Our new wool-based clothing ranges and our focus on improving customer service are delivering solid sales and profit growth despite a tough environment. Our profit figure is a record for us.

"Our plan over the next three years is to go on rolling out new stores in New Zealand and Australia. We opened stores this year in New Plymouth, Whangarei, Nelson, Perth, Sydney and Brisbane. We have decided not to expand our UK operation any further in the foreseeable future as sales there have grown by only 2 per cent this year. The UK economy has been struggling."

Simon Willis, retail investment analyst, ABC Investment Partners

"This has been an impressive year for the company. Coast Sports has gone against the prevailing trend among local retailers. Most retailers have suffered as households have been cutting back on spending in favour of repaying debt in what is a low interest rate environment."

"Coast Sports has continued to invest in its product range while some of its competitors have battened down the hatches."

Exercise 2

Give short answers to the following questions.

1. What is the Official Cash Rate (OCR)?
2. What is a creditor?
3. What is a bull market and what is a bear market?
4. What does EBIT mean?
5. Which organisation regulates New Zealand's financial markets?
6. Which regulator enforces legislation that promotes competition in New Zealand markets and prohibits misleading and deceptive conduct by traders?
7. What is the official measure of inflation in the New Zealand economy?
8. What is the name of New Zealand's national weekly business newspaper?
9. New Zealand's standard unemployment data are based on which survey?
10. Which agency advises the government on Budget policy?