ABSCHLUSSPRÜFUNGEN 2021

KAUFFRAU UND KAUFMANN

NACH BIVO 2012

WIRTSCHAFT UND GESELLSCHAFT

PROFILE E

SERIES 2

DOCUMENTATION

PART 1

Content

1 CASE STUDY *LANZ AG*

A Enterprise description of *LANZ AG*

LANZ

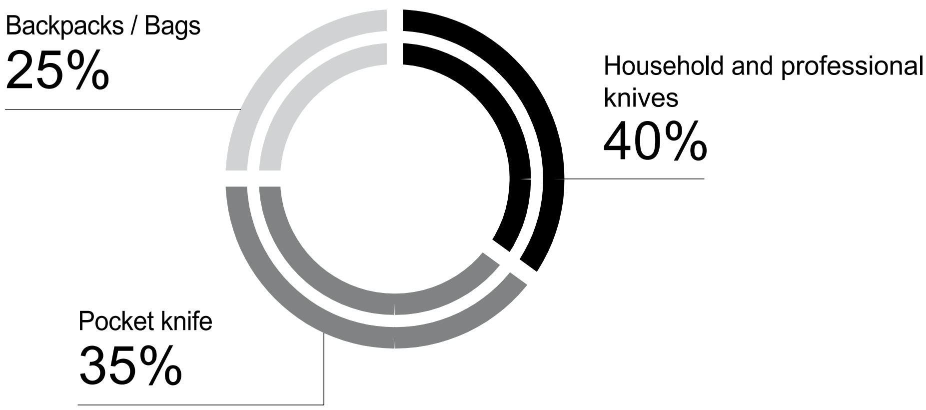
Short portrait

LANZ AG is a family-owned company that is now being managed by the fourth generation.
The headquarters of *LANZ AG* are located in Spiez, Canton of Bern.

In 1910, Hans Lanz founded a cutlery workshop (deutsch: Messerschmiede) in the centre of Spiez and began producing kitchen knives for butchers and restaurant kitchens. In the course of the company's history, the range of knives was expanded more and more. The *LANZ AG* pocket knife achieved worldwide fame. In the meantime, the product range includes not only high-quality knives for various applications, but also backpacks (deutsch: Rucksäcke). In 2003, *LANZ AG* took over the backpack manufacturing company "Backpack AG" based in Burgdorf. The business units of "Backpack AG" were later incorporated into the *LANZ AG* organisation.

Facts and figures

LANZ AG employs over 800 people and achieved sales of around CHF 240 million in 2020. This turnover is divided between the following product categories:



Market performance

Household and professional knives

The name "Lanz" stands first and foremost for high-quality household and professional knives. The product category "household and professional knives" is still the core competence today of *LANZ AG*. The range includes 400 different products for almost every application in private homes, professional kitchens and butcheries. In this product category, *LANZ AG* has earned every second franc abroad in 2020.

Pocket knife

Over the last 50 years, the pocket knife of LANZ AG has become a best-seller abroad under the name "Helvetic Knife". In normal business years, foreign tourists account for over 50% of domestic sales of pocket knives. The range comprises over 100 models with more than 50 different functions. New developments and designs are introduced to the market every year.

Backpacks

The product category "Backpacks" is the youngest child of *LANZ AG*. In contrast to the other two product categories, sales of backpacks have been growing very strongly for years. *LANZ AG* has the right backpack for all travel, business and everyday requirements. *LANZ AG* currently offers the "Business", "Trecking", "Family" and "Swiss Alpine Backpack" models, each in five different versions.

Sales

LANZ AG runs so-called brand stores in Switzerland (e.g. Thun, Gstaad, Saas Fee, Davos).
Only Lanz products are sold in these Lanz brand stores. The largest Lanz brand store is located in Thun. Here, customers can find the entire *LANZ AG* product range. In larger cities in Switzerland and abroad, *LANZ AG* relies on "shop-in-shop" concepts*. However, specialised retailers in Switzerland and abroad serve as the main sales channel. *LANZ AG* does not run its own online shop. However, they benefit from the many online shops of the retailers, where one can find a variety of Lanz products can acquire.

** Explanation of the "shop-in-shop" concept:*
Shop-in-shop refers to a retail space concept in which a large sales area is is separated into several small, boutique-like sales niches. This concept is often found in large department stores to market expensive brands.

Excerpt from the interview with Beat Lanz, CEO of *LANZ AG*

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Beat Lanz, CEO of *LANZ AG*, has been working for the family business for over 30 years. In the interview, he tells us what expansion plans he has.

The pocket knife must have a hard time these days. Children would rather have a smartphone or a computer than a pocket knife.
Beat Lanz: I have experienced that with my children too, and in a certain sense smart phones are competition for our pocket knife. But with every trend there is a counter-trend. Many Swiss parents want their children not only to sit in front of the screen, but also to spend time in nature. Hiking trips in the beautiful homeland are very popular again. A Lanz pocket knife is an essential piece of equipment.

So you are not experiencing a sharp decline in sales of your core product?
Beat Lanz: No, the pocket knife is still very popular. The sales figures are only slightly declining.

You are looking for new channels to sell your products. In the future, you want to open more points of sale in the mountains and now also at airports. Why?
Beat Lanz: LANZ AG is particularly successful where tourists are on the move. We achieve good sales with our pocket knives and our backpacks in tourist destinations. We definitely want to expand this sales network. At selected airport locations, we want to be present in duty-free shops in the future.

With what goals?
Beat Lanz: We would like to double the sales turnover of the product category "backpacks" in the next ten years. Besides the pocket knife, the leather backpacks of the product line "Swiss Alpine Backpack" are especially popular with Asian tourists. We still have a big restriction with knives at airports. In Europe, the regulations have been relaxed somewhat. Today, you are allowed to take a knife with a blade of up to six centimetres back on board. But that only applies to Europe. When travelling to the USA or Asia, our pocket knives have to go in the checked baggage, otherwise they will be confiscated. The duty-free business is thus lost for knives, at least in these markets.

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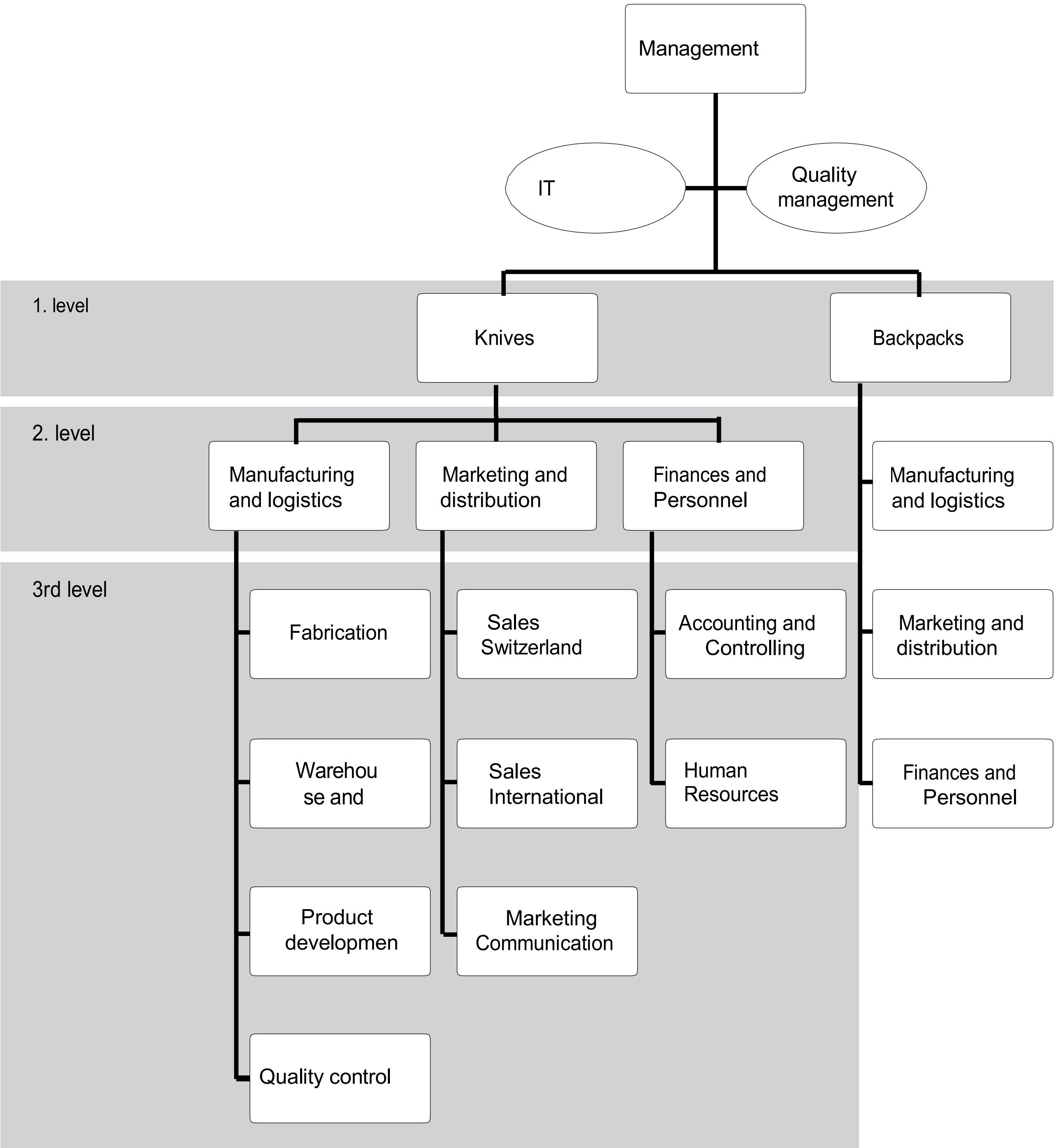
The trade conflict with China unleashed by US President Donald Trump is weighing on the global economy. What does this mean for *LANZ AG*?
Beat Lanz: We are already feeling the slowdown in the economy. Our partners abroad are unsettled, they are reluctant to place orders. In addition, the Swiss franc is strengthening. This is a disadvantage for all export-oriented companies. It puts pressure on our margins and our competitiveness, especially in comparison to foreign knife producers.

The word "recession" is going around. Are your shareholders getting nervous? How does *LANZ AG* deal with weaker economic cycles?
Beat Lanz: No, fortunately the shareholders of *LANZ AG* think very long-term. For us, creating and maintaining jobs is also a high priority. That's why we pursue an anti-cyclical strategy. We try to build up reserves in good times and then invest them in new products, marketing or opening up new markets in bad times. In this way we can smooth out these economic cycles somewhat. The ups and downs cannot be completely prevented. But this is how we have been able to keep staff numbers stable in the past. We are doing the same now.

Last week you announced that *LANZ AG* would be sponsoring the well-known Swiss ski racer Michelle Gisin in the coming ski season.
Why Michelle Gisin of all people?
Beat Lanz: ...

C Organisational



D Chart of accounts

1	**Assets**
10	**Current Assets**
100	**Cash and Securities**
1000	Cash in office
1020	Bank (including PostFinance)
1060	Securities (with stock exchange price)
110	**Accounts Receivable**
1100	Accounts receivable from goods and services (Debtors)
1109	Del credere (Accumulated depr. on debtors)
1170	Input Tax (VAT) receivable on material, goods, services, energy
1171	Input Tax (VAT) receivable on investments, other operating expenses
1176	Withholding Tax (WT) receivable
1190	Other short-term receivables
120	**Inventories**
1200	Goods / Merchandise (Trade)
1210	Raw materials
1260	Finished products
1270	Products in process / Unfinished products
130	**Accrued Revenue & Deferred Expense (Accounts Paid in Advance)**
1300	Accrued revenue and deferred expense (Accounts paid in advance)
14	**Capital Assets**
140	**Financial Assets**
1400	Securities
1440	Loan (Asset)
1480	Participations
150	**Movable Tangible Assets**
1500	Machinery
1509	Accumulated depreciation on machinery
1510	Equipment
1519	Accumulated depreciation on equipment
1520	Office Equipment (including Information & Communication Technology)
1529	Accum. depr. on office equipm. (incl. ICT)
1530	Vehicles
1539	Accumulated depreciation on vehicles
1540	Tools
160	**Immovable Tangible Assets**
1600	Real estate
1609	Accumulated depreciation on real estate
170	**Intangible Assets**
1700	Patents, Licences
180	**Non-Paid-in Share, Corporate or Foundation Capital**
1850	Non-paid-in share capital

2	**Liabilities and Equity**
20	**Current Liabilities**
200	**Accounts Payable from Goods and Services**
2000	Accounts payable from goods and services (Creditors)
2030	Prepayments received
210	**Current Interest-Bearing Liabilities**
2100	Bank overdraft (Bank)
220	**Other Current Liabilities**
2200	Sales Tax (VAT) owed
2206	Withholding Tax (WT) owed
2261	Dividend payouts resolved (Dividends)
2270	Social insurances owed
230	**Deferred Revenue & Accrued Expense (Accounts Received in Advance) and Short-Term Provisions**
2300	Deferred revenue and accrued expense (Accounts received in advance)
2330	Short-term provisions
24	**Long-term Liabilities**
2430	Debentures
2450	Loans
2451	Mortgages
2600	Long-term provisions
28	**Equity**
280	**Equity of Limited Company**
2800	Share capital
2900	Legal capital reserves
2950	Legal retained earnings (Reserves)
2960	Voluntary retained earnings
2970	Profits brought forward / Losses brought forward
2979	Annual profit or annual loss
280	**Equity of Sole Proprietorship**
2800	Equity
2850	Drawings
2891	Annual profit or annual loss

3	**Operating Revenue from Goods and Services**
3000	Sales of products (Manufacturing)
3200	Sales of goods (Trade)
3400	Revenues from services
3600	Other revenues
3805	Losses from bad debts
3900	Changes in inventories of finished and unfinished products
4	**Expenses for Materials, Goods and Services**
4000	Cost of raw materials (Manufacturing)
4200	Cost of materials (Trade)
4400	Cost of purchased services
5	**Staff Cost**
5000	Wages and salaries
5700	Social benefits
5800	Other staff cost
6	**Other Operating Expenses, Depreciations and Financial result**
6000	Rent
6100	Maintenance & repair expenses
6200	Vehicle expenses
6300	Insurance premiums
6400	Energy expenses & disposal expenses
6500	Administration expenses
6600	Promotion and advertising expenses
6700	Other operating expenses
6800	Depreciations
6900	Financial expenses (Interest expenses, Securities expenses, Participations expenses)
6950	Financial revenues (Interest revenues, Securities revenues, Participations revenues)

7	**Profit and Loss from Non-Core Business**
7000	Non-core business revenues
7010	Non-core business expenses
7500	Revenues from operational real estate
7510	Expenses from operational real estate
8	**Non-operational, extraordinary, non-recurring or prior-period Expenses and Revenues**
8000	Non-operational expenses
8100	Non-operational revenues
8500	Extraordinary expenses
8510	Extraordinary revenues
8900	Direct Taxes
9	**Financial Statements**
9000	Profit and Loss Account
9100	Balance Sheet

E Simplified balance sheet after profit distribution as at

Balance sheet as at 31.12.2020 (short figures in CHF 1 000)	
Current assets	
Cash and bank	2 440
Accounts receivable	540
Inventories and work in progress	4 800
Fixed assets	
Machines + apparatus (net)	2 100
Furniture + fixtures (net)	260
Vehicles (net)	360
Commercial properties	16 800
Total assets	27 300
Debt capital	
Accounts receivable	2 480
Loans payable (long-term)	250
Mortgages	11 200
Equity	
Share capital	7 500
Retained earnings	5 870
Total liabilities	27 300

Operating profit according to income statement from 1.1 to 31.12.2020 (in CHF 1000): 1120

F Formulary

Key figure	Calculation	Target figure
Liquidity ratio 2 (quick ratio)	$\frac{\text{(cash and cash equivalents + receivables)} \times 100}{\text{current liabilities}}$	At least 100%
Return on equity	$\frac{\text{Net profit} \times 100}{\text{equity}}$	At least 8%
Return on assets	$\frac{\text{(net profit + interest on borrowings)} \times 100}{\text{total capital}}$	At least 6%
Self-financing level	$\frac{\text{equity} \times 100}{\text{total capital}}$	30–60%
Leverage ratio (Verschuldungsgrad)	$\frac{\text{debt capital} \times 100}{\text{total capital}}$	Maximum 70%
Fixed assets to equity ratio (balance sheet golden rule)	$\frac{\text{(equity + long-term debt)} \times 100}{\text{fixed assets}}$	At least 100%