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92031R

Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 1 Commerce 2026

92031 Demonstrate understanding of the financial viability of an organisation

Credits: Five

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Commerce 92031.

Check that this booklet has pages 2–3 in the correct order and that none of these pages is blank.

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CASE STUDY

The Butler's Pantry

The Butler's Pantry is a bright, modern cafe centrally located on a busy main road. The spacious cafe caters to a wide range of customers, with a comprehensive menu, a range of freshly baked goods, and expertly brewed coffees. A key feature of their success is the carparks situated outside, which have significantly increased the volume of takeaway coffee sales.

The cafe is a partnership owned and managed by Theo and Matt. It is open every day from 7 a.m. till 4 p.m., except on Mondays when it is closed. Their loyal, well-trained staff members consistently deliver excellent customer service, resulting in many positive online reviews.

The Butler's Pantry's pūtake has two main aims:

- Using fresh, locally sourced ingredients from nearby farms and orchards, thereby supporting their local economy and developing good relationships with its community.
- Using sustainable food practices through minimising food waste as much as possible, and donating any leftover food to the local foodbanks.

Many of the regular customers have been asking when *The Butler's Pantry* is going to introduce a dinner menu, as well as being able to order items from the cafe from various delivery services.

FINANCIAL AND NON-FINANCIAL INFORMATION

SWOT analysis for *The Butler's Pantry*

Strengths	Weaknesses
• Busy central location • Parking outside • Outstanding customer service from well-trained staff • Excellent online reviews	• Increasing cost of supplies • Weaker economy
Opportunities	**Threats**
• Extend trading hours to include dinner • Offer delivery service	• Another cafe could open nearby • Changes in food safety regulations • Change in food trends

The Butler's Pantry

Income Statement for the year ended 31 March 2026

	$	$
Income		
Cafe sales		720 000
Less Expenses		
Fixed Costs		
Insurance	4 680	
Rent	33 800	
Loan repayments including interest	13 000	
		51 480
Variable Costs		
Cost of supplies	286 000	
Wages	260 000	
Electricity	10 400	
Advertising	5 720	
Office expenses	1 560	
General expenses	7 800	
		571 480
Total Expenses		622 960
Profit		97 040
Note: Theo and Matt are withdrawing $600 a week each as compensation for their time and skills. This is not shown in the income statement.		

Cost-volume-profit analysis

Theo and Matt calculated the break-even point using the formula:

$$\frac{\text{Fixed costs}}{(\text{Selling price per unit} - \text{variable costs per unit})}$$

With:

- Fixed costs of $51 480
- Average selling price of $8 per unit (based on 90 000 units)
- Average variable cost of $6.35 per unit (based on 90 000 units)

They calculated the break-even point to be 31 200 units per year.