

SUPERVISOR'S USE ONLY

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**Mana Tohu Mātauranga o Aotearoa**  
New Zealand Qualifications Authority

## Level 3 Accounting 2023

### 91404 Demonstrate understanding of accounting concepts for a New Zealand reporting entity

Credits: Four

| Achievement  | Achievement with Merit  | Achievement with Excellence  |
|--|---|--|
| Demonstrate understanding of accounting concepts for a New Zealand reporting entity. | Demonstrate in-depth understanding of accounting concepts for a New Zealand reporting entity. | Demonstrate comprehensive understanding of accounting concepts for a New Zealand reporting entity. |

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

**You should attempt ALL the questions in this booklet.**

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

Do not write in any cross-hatched area (DO NOT WRITE). This area will be cut off when the booklet is marked.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

This assessment is based on *Mercury Energy Limited's* Annual Report for 2022. *Mercury Energy Limited* is an Aotearoa New Zealand electricity generator and retailer. *Mercury Energy Limited's* Annual Report for 2022 explains the company's electricity generation as follows:

We generate electricity from 100% renewable sources: hydro, geothermal, and wind. Our electricity generation sites are located along the Waikato River (hydro), the nearby steamfields of the northern part of the Central Plateau (geothermal), and in the Manawatū, South Taranaki, and Otago regions (wind).

On 30 June 2022, *Mercury Energy Limited's* generation assets had a fair value of \$7 723 million.

Hineata is a young person who was keen to invest in a company that is committed to kaitiakitanga (guardianship and protection) and demonstrates a sustainable relationship with the environment in which it operates. With this in mind, Hineata chose to invest in *Mercury Energy Limited* shares.

In this examination MEL can be used to refer to *Mercury Energy Limited*.

**QUESTION ONE**

- (a) Explain how each of the following statements in *Mercury Energy Limited's* 2022 annual report would have helped Hineata to make her decision to purchase shares in *Mercury Energy Limited*.
  - (i) A commitment to the te ao Māori concept of kaitiakitanga (guardianship and protection) guides the way we work with natural resources and power stations that were built by earlier generations of New Zealanders. A wider application of this principle extends to Mercury's support and commitment to the decarbonisation of New Zealand's economy.

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- (ii) A final ordinary dividend of 12.0 cents per share has been declared. This brings the full-year ordinary dividend to 20.0 cents per share, up from 17.0 cents per share, marking our fourteenth consecutive year of ordinary dividend growth.

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**Mercury Energy Limited's** accounting policies include the following statement:

These financial statements are presented in New Zealand Dollars (\$), which is the Group's functional currency. Unless otherwise stated, financial information has been rounded to the nearest million dollars (\$m).

**(b) Justify Mercury Energy Limited's** use of New Zealand Dollars, rounded to the nearest million, to report financial information in its annual report. In your answer refer to:

- the monetary measurement concept
- the qualitative characteristic of materiality
- Hineata's decision to buy shares in *Mercury Energy Limited*.

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