

91408R



Mana Tohu Mātauranga o Aotearoa  
New Zealand Qualifications Authority

## Level 3 Accounting 2023

### 91408 Demonstrate understanding of management accounting to inform decision-making

Credits: Four

#### RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 91408.

Check that this booklet has pages 2–3 in the correct order and that neither of these pages is blank.

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

## RESOURCE A

Manu owns *Tauika*, a fishing charter company offering fishing trips in the Bay of Plenty. The fishing trips are popular all year as clients are able to take home the fish they catch.

*Tauika*'s fishing trips can cater for a maximum of 20 people and are often fully booked over the summer months (October to March), with fewer passengers in the winter months (April to September).

*Tauika* has scheduled fishing trips on Wednesdays, Saturdays, and Sundays. Manu takes two weeks off in July to go skiing with his family.

The following information relates to the fishing trips based on three scheduled fishing trips per week over 50 weeks:

- price per person: \$120
- variable costs per person: \$50
- annual fixed costs: \$63 000 including depreciation of \$12 000 p.a.

*Tauika*'s fishing trips average 15 persons per trip across the year.

## RESOURCE B

Manu's sister Pania is a qualified dive instructor and boat skipper. Pania has suggested that she join *Tauika* on 1 October 2023 to offer dive tours as a separate option to fishing trips. Pania will contribute her dive boat as her investment in *Tauika*. *Tauika* will need to borrow \$41 000 from the bank on 1 October to cover the purchase of dive gear for clients. The loan plus interest will be paid off over 12 months costing \$3 600 per month.

Dive tours would cater for up to eight people. The following information has been estimated for the dive trips based on 3 dive trips per week over 50 weeks:

- price per person: \$350
- variable costs per person: \$150
- annual fixed costs: \$118 200 including the monthly loan repayments and depreciation of \$15 000 p.a.
- the final monthly loan repayment will be made in September 2024, reducing the annual fixed costs to \$75 000.

Dive tours will initially attract an average of three people per tour. After the first three months, through word of mouth and social media attention, the average will increase to six per tour. Pania is confident she can maintain this average across the year as summer trips could easily be fully booked, even though winter trips may have fewer clients. She also believes that, once established, she could offer dive charters in addition to the scheduled trips, particularly in summer.

**RESOURCE C****Cash budget information**

In the three weeks leading up to Christmas, *Tauika* provides 10 additional fishing trips to corporate clients for their staff Christmas functions. The corporate client Christmas trips are always booked to capacity and corporate clients receive a \$200 discount on the total price of the trip.

Manu and Pania have made the following estimates for the total number of clients they expect for each of the months from October 2023 to February 2024.

	Total number of clients	
	Fishing trips	Dive tours
<b>October</b>	200	40
<b>November</b>	220	40
<b>December – scheduled</b>	250	50
<b>December – corporate</b>	200	-
<b>January</b>	220	90
<b>February</b>	220	85

When clients book fishing trips or dive tours, they pay in full. Eighty per cent of scheduled fishing trip clients and all of the corporate clients book and pay for their trip a month in advance. The remaining 20 per cent pay in the month of the trip. *Tauika* expects the same pattern of booking and paying for dive tours. Variable costs per person are paid in the month the client takes the dive trip.

Manu takes \$3 000 per month as drawings but would like to increase this to \$4 000 per month. He has agreed that Pania should also be able to take \$4 000 per month in drawings.

