

91408



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

3

SUPERVISOR'S USE ONLY

Level 3 Accounting, 2017

91408 Demonstrate understanding of management accounting to inform decision-making

2.00 p.m. Friday 10 November 2017
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of management accounting to inform decision-making.	Demonstrate in-depth understanding of management accounting to inform decision-making.	Demonstrate comprehensive understanding of management accounting to inform decision-making.

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

Pull out Resource Booklet 91408R from the centre of this booklet.

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 2–12 in the correct order and that none of these pages is blank.

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

TOTAL

ASSESSOR'S USE ONLY

Notes:

- Ignore GST for all calculations.
- For any required calculations, you must provide detailed and labelled workings. Labelled workings may be assessed.
- Refer to the information provided in **Resource Booklet 91408R** to answer all questions.
- In your answers, you can use *HS* to refer to *Haiku Sushi* and *Mr and Mrs N* to refer to Mr and Mrs Nakamura.

QUESTION ONE

- (a) Explain why rice is a variable cost for *Haiku Sushi*.

- (b) *Haiku Sushi* sells their sushi in packs for a selling price of \$9 per pack.

- (i) If selling price is \$9 per pack of sushi, variable costs are \$1.50 per pack of sushi, and fixed costs are \$285 000 per annum, calculate the contribution margin per pack of sushi.

Contribution margin: _____ (per pack of sushi)

- (ii) Explain what contribution margin per pack of sushi means for *Haiku Sushi*.

QUESTION TWO

- (a) Use the information from the Budgeted Income Statement and the additional information in **Resource Booklet 91408R** to complete the Cash Budget below for *Haiku Sushi Limited* showing the receipts and payments for February and March 2017.

Haiku Sushi Limited
Cash Budget

	February	March
	\$	\$
Receipts		
TOTAL RECEIPTS		
Less payments		
TOTAL PAYMENTS		
Surplus (deficit) of cash		
Opening bank balance	9 500	
Closing bank balance		

QUESTION THREE

Use information from **Resource Booklet 91408R** and your comments and calculations for Question One and Question Two for your answer to this question.

Recommend whether Mr and Mrs Nakamura should:

- (a) continue to operate *Haiku Sushi* in Main Street throughout the council work project

OR

- (b) close their business in Main Street and move to a nearby small shopping centre (10 minutes' drive away) that has free parking and has already had sewer and high-speed broadband cabling projects completed.

Additional information:

- On 1 December 2016, *Haiku Sushi* renewed their rental agreement with the current shop for the following year. There is a penalty of two months' rent to break this rental agreement.
- If they set up in the new location, they will have to arrange an inspection of their food control plan with the local council.
- Rental for the old shop and the new shop are the same, but the new shop does not have accommodation upstairs; so Mr and Mrs Nakamura's family will have to rent a home at approximately \$600 per week.
- If they set up in the new location, fixed costs for *Haiku Sushi* will increase to \$295 200 per year.
- Mr and Mrs Nakamura will have to travel further to purchase supplies from the fishing boats and the wholesale warehouse. This is expected to increase variable costs to \$1.80 per pack.

You should provide detailed and justified reasons for your recommendation. Your report should consist of:

- an introduction that includes a clear statement of your recommendation
- a main body (with sub-headings if appropriate) consisting of reasons explaining your recommendation
- a justified conclusion.

Your report should expand on the resource information, and must include:

- both financial and non-financial information
- relevant calculations from Question One and Two, AND any other calculations you consider important in helping Mr and Mrs Nakamura to understand the key issues in making this decision.

