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NEW ZEALAND QUALIFICATIONS AUTHORITY
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Level 3 Accounting, 2019

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

2.00 p.m. Tuesday 26 November 2019
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 2–10 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

OCEANIA HEALTHCARE LIMITED (OHL)

This assessment is based on *Oceania Healthcare Limited's* Annual Report from 1 June 2017 to 31 May 2018. *Oceania Healthcare Limited* operates premium aged care rooms and suites as part of a portfolio of rest homes and retirement villages throughout New Zealand.

You can use OHL to refer to *Oceania Healthcare Limited* in your answers.

QUESTION ONE

- (a) The following statement is an extract from the letter from the chair of *Oceania Healthcare Limited's* Annual Report for the period ended 31 May 2018:

In our second annual report since *Oceania Healthcare Limited* became a listed company, net profit after tax increased by 71.5% to \$77.0 million, compared with \$44.9 million for the prior financial year, and exceeded the initial public offering forecast by 45.0%.

How could this statement be relevant to satisfying the information needs of a potential investor of *Oceania Healthcare Limited*? Justify your answer.

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