

# 3

91404



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

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

SUPERVISOR'S USE ONLY

Tick this box if you  
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## Level 3 Accounting 2022

### 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 (///). This area may be cut off when the booklet is marked.

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

Alice is a high school student with a part-time job. She has opened an account with an online investment company and, after researching a number of New Zealand companies, has started investing \$20 a month in *Port of Tauranga Limited* shares. She is trying to build up the number of shares she has in *Port of Tauranga Limited*.

POT may be used to refer to *Port of Tauranga Limited*.

### QUESTION ONE

- (a) New Zealand reporting entities are required to prepare annual financial statements that comply with New Zealand generally accepted accounting practice (NZGAAP).

Explain in detail how the requirement to comply with NZGAAP was beneficial to Alice when she researched a number of New Zealand companies before deciding to purchase shares in *Port of Tauranga Limited*.

In your answer, refer to NZGAAP and the enhancing qualitative characteristics of:

- comparability
- understandability.

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**QUESTION TWO**

The following note to the financial statements in the *Port of Tauranga Limited* Annual Report for 2021 caught Alice’s attention.

***Port of Tauranga Limited and its subsidiaries***  
**Notes to the Consolidated Financial Statements (extract)**  
**For the year ended 30 June 2021**

**Subsequent events**

1. A final dividend of 7.5 cents per share to a total of \$51 019 990 has been approved subsequent to reporting date. The final dividend was not approved until after year end, therefore it has not been accrued in the current year financial statements.
2. On Tuesday 17 August 2021 at 11.59 p.m., New Zealand moved to Alert Level 4 following the detection of a positive case of COVID-19 in the community. This alert level escalation has had no material impact on the performance of the Group.

(a) Justify how each of the two subsequent events stated in the *Port of Tauranga Limited* 2021 Annual Report will assist Alice in her decision-making as an investor in *Port of Tauranga Limited*.

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(b) Before *Port of Tauranga Limited* can pay dividends to shareholders, the directors must sign a document confirming that the company meets the solvency test.

(i) Explain in detail the two parts of the solvency test.

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(ii) Explain how the directors would be confident *Port of Tauranga Limited* has met the solvency test.

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Extra space if required.  
Write the question number(s) if applicable.

QUESTION  
NUMBER

91404