

91404



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Mana Tohu Mātauranga o Aotearoa
 New Zealand Qualifications Authority

Level 3 Accounting 2024

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 the margins (/////////). 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 *Tourism Holdings Limited's* Annual Report for the year ended 30 June 2023.

Tourism Holdings Limited is an Aotearoa New Zealand tourism company that manufactures, rents, and sells recreational vehicles (RVs) including motorhomes, campervans, and caravans. It is also involved in other tourist activities, such as Waitomo Caves and black water rafting.

In this assessment, THL can be used to refer to *Tourism Holdings Limited*.

QUESTION ONE

(a) The following is an extract from the Our People and Responsibility section of the annual report.



THRIVE
SUPPORTING OUR CREW, CREATING
A HEALTHY CULTURE, AND BUILDING
CULTURAL CAPABILITY

GOALS

- Employee health
- Living wage
- Fair employment terms
- Employee discrimination
- Employee concerns

With reference to the goals identified, explain why this information would be of interest to a potential employee of *Tourism Holdings Limited*.

(b) Explain why a potential employee would be interested in the consolidated statement of cash flows in the financial statements section of the annual report.

In your answer, include:

- the purpose of the consolidated statement of cash flows
- specific information in the consolidated statement of cash flows that would be of interest to a potential employee.

In our opinion, the accompanying consolidated financial statements of *Tourism Holdings Limited* (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2023, its financial performance and its cash flows for the year ended in accordance with New Zealand Equivalents to *International Financial Reporting Standards* (NZ IFRS) and *International Financial Reporting Standards* (IFRS).

(a) *Tourism Holdings Limited* paid audit fees of \$1 125 000 to *PwC New Zealand*. Explain why audit fees are reported as revenue expenditure in the financial statements of *Tourism Holdings Limited*.

Use the information contained in the following property, plant, and equipment note extract for *Tourism Holdings Limited* to answer this question.

- motorhomes – comprises the rental fleet of the rentals business; motorhomes that are held for sale are reclassified from property, plant, and equipment to inventory
- motor vehicles
- land and buildings
- other plant and equipment
- capital work in progress – capital purchases and projects that are not yet in service; the most significant work in progress relates to the motorhome fleet built for the next season.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

In your answer, explain:

- why motorhomes held for sale are classified as inventory in current assets, while rental motorhomes are classified as property, plant, and equipment
- how historical cost is applied to the measurement of property, plant, and equipment
- how the work in progress of the motorhome fleet meets the definition of an asset and why it is an example of capital expenditure associated with property, plant, and equipment.

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

QUESTION
NUMBER

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