

91408



Draw a cross through the box (☒) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa

New Zealand Qualifications Authority

Level 3 Accounting 2024

91408 Demonstrate understanding of management accounting to inform decision-making

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.

**You should attempt ALL parts of the question in this booklet.**

Pull out Resource Booklet 91408R from the centre of 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.**

Refer to Resource Booklet 91408 to answer all parts of the question.

- Factory sales contribution margin \$ \_\_\_\_\_

Annual break-even number of water features \_\_\_\_\_

- (c) Current factory sales to garden centres generate an annual profit of \$252 000 for *Aqua Stone*. Calculate the annual profit that would be earned if the new retail store is not opened and factory sales to garden centres decrease from 210 to 180 water features per month.

Annual profit from decreased sales to garden centres \$ \_\_\_\_\_

- (d) Explain the impact the lower profit could have on *Aqua Stone* and its employees if the new retail store is not opened.

- (e) Calculate the margin of safety percentage for the expected retail store sales over the first six months.

Retail store margin of safety percentage \_\_\_\_\_%

- (f) Complete the comparative cash budget for the first six months for either proceeding with the retail store expansion or not proceeding with it. Factory sales are the sales to garden centres. Some items have been entered for you. Do not write in the shaded boxes.

**Aqua Stone**  
**Comparative Cash Budget for the half year ended 30 September 2025**

	Proceed with the retail store	Do not proceed with the retail store
<b>Estimated receipts</b>		
Factory sales		
Retail store sales	216 000	
Total estimated receipts		
<b>Estimated payments</b>		
Variable expenses factory sales	432 000	432 000
Variable expenses retail store sales		
Fixed costs (cash) factory	240 000	240 000
Fixed costs (cash) retail store		
Retail outlet conversion	75 000	
Drawings	30 000	30 000
Total estimated payments		702 000
Cash surplus (deficit)		

- (g) Make a recommendation to Lily about whether she should go ahead with the retail store for *Aqua Stone* or continue to operate the factory with a reduced level of sales to garden centres. Consider the immediate and long-term impact of adding the retail store for *Aqua Stone* in your recommendation.

Your answer should include:

- detailed financial and non-financial information provided in this assessment and the resource booklet
- additional calculations and/or non-financial information necessary to support your recommendation
- a conclusion justifying your recommendation.

You may make any reasonable assumptions in the context of *Aqua Stone*.

Use the table on page 5 to provide additional calculations and plan your answer. This may be used for marking purposes. Start your answer on page 6.

PLANNING	
Financial considerations	Non-financial considerations





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

QUESTION  
NUMBER

91408