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NZQA | Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 3 Accounting 2026

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.

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This assessment is based on *Summerset Group Holdings Limited*'s annual report for 2025.

Summerset Group Holdings Limited designs, builds, owns, and operates retirement villages and aged care services in New Zealand and Australia.

In this assessment, SHL can be used to refer to *Summerset Group Holdings Limited*.

QUESTION ONE

The following is an extract adapted from the notes to the financial statements.

Reporting entity (extract)
Summerset Group Holdings Limited is registered in New Zealand under the Companies Act 1993 and is a reporting entity. The company is listed on the New Zealand Stock Exchange (NZX).

Basis of preparation (extract)
These consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP).

(a) Explain what it means for *Summerset Group Holdings Limited* to be a reporting entity in New Zealand.

The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors and lenders for making decisions relating to providing resources to the entity.

(b) Evaluate how the components of an annual report ensure that *Summerset Group Holdings Limited* meets this objective for its investors and lenders.
In your answer, refer to:

- the purpose of the statement of comprehensive income, statement of financial position, and statement of cash flows
- how the notes to the financial statements meet the characteristics of comparability and understandability
- why the auditor's report is a statutory requirement for *Summerset Group Holdings Limited*.

QUESTION TWO

An extract of *Summerset Group Holdings Limited*'s operating expenses note is shown below.

Operating expenses (extract)

	2025
	$000
Repairs and maintenance expenses	13 258

(a) Explain, using the definition of expense, why repairs and maintenance are revenue expenditure.

(b) Use the qualitative characteristics of relevance and faithful representation to justify how recognition of repairs and maintenance as an expense can influence decision making.

QUESTION THREE

An adapted extract of *Summerset Group Holdings Limited*'s financial liabilities note is shown below.

Financial liabilities (extract)

	2025	
	Less than one year $000	**More than one year $000**
Loans and borrowings	85612	2210935

(a) Explain why loans and borrowings could indicate that *Summerset Group Holdings Limited* is a going concern.

(b) With reference to materiality, explain the difference between **current** and **non-current liabilities** in relation to the loans and borrowings.

(c) Justify why loans and borrowings are reported as a **liability** in terms of the recognition criteria of a liability.

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

QUESTION NUMBER

Acknowledgements
Material from the following source has been adapted for use in this assessment:

All material from *Summerset Group Holdings Limited*'s annual report 2025
Downloaded from: https://www.summerset.co.nz/investor-centre/reports-and-presentations/