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

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NZQA | Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 3 Accounting 2026

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 this question.

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.

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QUESTION

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

Kate and Aaron are trying to decide whether to stay in Christchurch or move to Ōamaru.

(a) Calculate the annual profit, representing the equivalent of Kate's salary, if Kate's law office is located in Christchurch.

Christchurch annual profit $ _____

(b) Calculate the break-even number of client hours for Christchurch and Ōamaru.

Break-even hours Christchurch _____

Break-even hours Ōamaru _____

(c) Calculate the margin of safety in client hours for Christchurch and Ōamaru.

Margin of safety in client hours Christchurch

_____

Margin of safety in client hours Ōamaru

_____

(d) Explain the difference between fixed and variable costs for Kate's law office, providing relevant examples of each.

(e) Complete the comparative cash budget for the next year.

Assume all client hours charged, variable costs, and cash fixed costs are received or paid within the year. There are no amounts owing at the start or end of the year.

Kate's law office comparative cash budget for the next year

	Christchurch	**Ōamaru**
Estimated receipts		
Client hours charged		
Estimated payments		
Variable costs		
Cash fixed costs		
Childcare (Christchurch)	16 800	
Set-up cost (Ōamaru)		15 000
Total estimated payments		
Cash surplus or deficit		

(f) Make a recommendation to Kate and Aaron about whether they should move to the smaller town of Ōamaru or stay in Christchurch.

Consider the immediate and long-term impact on Kate, Aaron, and their family in your recommendation.

Your answer should include:

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

You may make any reasonable assumptions in the context of Kate and Aaron including their wider family.

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