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91408R

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

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 91408.

Check that this booklet has pages 2 and 3 in the correct order and that neither of these pages is blank.

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Kate and Aaron's choice

Kate and Aaron live in Christchurch where they enjoy city life. Kate is a self-employed lawyer with an office that she rents in town. She employs two part-time office assistants who have experience working in a law office. Aaron is a self-employed electrician.

Kate and Aaron have recently had their first child, a daughter, and are considering their options for childcare, so they can both continue working once parental leave payments end. Aaron can arrange his business to suit wherever they live and ensure he earns enough to cover their household essential spending. Kate's income will allow the family to enjoy luxuries like weekends away and family holidays in the North Island, where Aaron's parents live. Kate's income also contributes to saving for their future, as they plan to have two more children.

The South Island showing the relative size of Christchurch and Ōamaru



Kate could continue working in Christchurch and pay for childcare that would cost $16 800 for their daughter.

Alternatively, they could move to the smaller town of Ōamaru, where Kate's parents are happy to provide free childcare. Kate would work fewer hours so would have more time to spend with their daughter. She would only need to employ one part-time office assistant but would need to train a new person. Aaron can arrange his working week to spend time with their daughter whether they live in Christchurch or Ōamaru.

Setting up the new law office in Ōamaru will cost $15 000, including training the new office assistant. The $15 000 will initially be paid out of savings.

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

Map
https://stock.adobe.com/110065318

The following financial information relates to the two options for Kate's law office for the next year.

	Christchurch	**Ōamaru**
Total client hours charged	1 680	1 260
Hourly client charge	$200	$180
Variable costs per client hour	$80	$55
Fixed costs	$72 000	$50 000
Childcare (drawings)	$16 800	$0
Set-up cost for Ōamaru office		$15 000

Fixed costs in each location include depreciation on office equipment $5 000.