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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 2025

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.

Achievement

TOTAL 04

QUESTION

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

Noa wants to choose one of his options for 2026 and beyond.

- (a) Complete the comparative cash budget for the 2026 winter months for Noa's two options. Some items have been entered for you. Do not write in the shaded boxes.

Noa's comparative cash budget for the six winter months ending 30 September 2026

	Add video to wedding photography package	Contract work for local photographer
Estimated receipts		
Wedding clients	25600	
Loan from Dad	3000	
Contract photography income		39000
Total estimated receipts	<u>28600</u>	<u>39000</u>
Estimated payments		
Variable costs	13600	
Insurance	2500	
Other fixed costs cash	10500	
Workshop	8000	
Contract photography expenses		5200
Total estimated payments	<u>26600</u>	<u>5200</u>
Surplus (deficit) of cash	2000	<u>33800</u>

- (b) Explain, using relevant figures, why it is important for Noa to prepare a cash budget for the following six summer months ending 31 March 2027.

it is really important for Noa to to prepare a cash budget for the following six summer ending in 31 March 2027, not just a cash budget for the six winter months ending 30 september 2026. due to the fact that it is not that accurate of a representation of what he will earn in Surplus from Adding a video to wedding

photography package. This is because he has stated that in the summer months he will shoot 12 weddings and only 4 in the winter months. Therefore this cash budget is only really representing $\frac{1}{4}$ of the work Noa would do. It is obvious that the surplus for the video would be low in the cash budget because it is only from 4 weddings ~~and~~ + a loan of 3000 which only barely covers his fixed and variable costs. By just observing the cash budget most would be drawn heavily to doing the contract with a local photographer to the much larger ~~net~~ surplus of ~~\$33000~~ \$33800 compared to \$2000, but in reality Noa could be earning a lot more than \$33800 by doing the video ~~for~~ once the summer (busiest) months are accounted for. This is why it is important that he prepares a cash budget for the summer months because right now is not a true or correct representation.

- (c) Calculate the break-even number of weddings when video is added to the wedding photography package.

BE Break-even = Fixed costs / CM $CM = SP - VC$ $= 6400 - 3400$ $= 3000$ $\times 16 = 48000$	$\frac{12000}{3000} = 4$	total weddings = 16 Per year
Break-even number of weddings when video is added	0.15	4 per year

- (d) Using your answer to (c), explain whether Noa would earn a profit if he added video to his wedding photography package but only worked the winter season in 2026/27.

Total weddings in the winter months = 4 ~~$3000 \times 4 = 12000$~~

Therefore Noa would not earn a profit if he worked just the winter months even with the video added as break-even means the total amount of

Answer space continues on the next page ►

output that needs to be produced (weddings shot) in order to cover fixed and variable costs. Beyond this Point is where you would start making profit. Because the breakeven is 4 and he only works 4 weddings in winter ~~so~~ he will then not earn any profit from working just winter. He would have to work some summer weddings or increase his winter weddings to make a profit.

- (e) Noa's current (2025/26) annual profit from 32 weddings is \$29400. How many weddings with the video added would he need to book to reach this profit? Round your answer up.

$\frac{\text{Fixed costs} + \text{Profit}}{\text{CM}}$	$\frac{12000 + 29400}{3000}$
=	= 13.8
	= 14
	Number of weddings <u>14</u>

- (f) Make a recommendation to Noa about whether he should add video and continue with his wedding photography or work for the local photographer on contract over the winter months.

Consider the immediate and long-term impact on Noa and his 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/or non-financial information necessary to support your recommendation
- a conclusion justifying your recommendation.

You may make any reasonable assumptions in the context of Noa and his interests, including his 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.

Choose Contract		PLANNING
Financial considerations	Non-financial considerations	
<ul style="list-style-type: none"> - Earns 33800 by just doing winter months. --- - wouldn't need to worry ^{re} about getting a loan and paying back - does not earn profit in winter months when doing his own - essentially working for free just to break even. 	<ul style="list-style-type: none"> - summers completely free more time with family - editing course takes up time during summer so even though decreased all weddings he still won't be able to spend as much time with family - Partner earns good income. - Young family important to be that we can pursue passion later on. 	

Overall after good consideration of many aspects I recommend Noa the wedding Photographer to work for a local photographer on the contract basis.

Some Financial information to support this is that by working on this contract Noa would earn \$33800 for just working 6 months (26 weeks) in the winter months of the year. The job is not even him working full time (40 hour week) he is actually only working 20 hour week earning \$75 per hour. Not only is this good but it also means that it allows for Noa to possibly increase his working hours (if the local work allows it) to earn even more money.

Also when he was doing his own photography work with the video added to the package Noa was not earning any profit if he were to just do the 4 wedding events in ~~these~~ these months as this was the point of breakeven. This shows that by just working in the winter time Noa can earn \$33800 more by doing the local worker contract instead of his own wedding photography.

By Noa choosing the contract it would also mean that he would not have to worry about receive a loan from his dad to be able to afford the workshop to learn video photography and editing. This means that he is spending \$8000 less on something and also doesn't have to stress about finding \$3000 to repay back his

dad which could lead to more financial issues in the future.

Some Non-Financial information that supports this as well is that it would allow Noa to do exactly what he wants, which is spend more time with his young family in the summer months. Photography is a passion that he can always do and come back to possibly even when his family starts to get older and don't need much support if he enjoys it that much and could return to working. The young years of children's life are very important and deliver very many important memories that Noa would not want to miss. ~~Even if~~ Even if Noa decrease the wedding shoots in the summer the editing course was planned to take place in march (summer months) which would take up more of his time taking him away from his family more. It already stated that the partner earns good income implying they don't need the extra money to support and I believe that instead the memories with his family is what counts.

Due to Noa earning a good income in the winter months alone and ~~by~~ allowing him to enjoy his summer months with his young family I believe that Noa should take the contract with the local worker as I believe it will fulfill him more in what he wants in life. Also either way nothing is stepping Noa from his passion.

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

QUESTION
NUMBER

91408

Achievement

Subject: Accounting

Standard: 91408

Total score: 04

Q	Grade score	Marker commentary
One	A4	<p>The comparative cash budget is mostly correct with some calculation errors for Option 1.</p> <p>The candidate used relevant financial figures to explain why a summer cash budget is important. They could have calculated changes to cash flow given the 12 weddings in summer months and considered the impact of the loan payment.</p> <p>The break-even calculation is correct, as is the number of weddings with video required to meet the current profit.</p> <p>The candidate used relevant financial and non-financial information from the resource, and the calculation of \$33 800, to make a recommendation. For an improved grade, the candidate needed make some relevant, accurate supporting calculations such as margins of safety and seasonal changes to cash flow. Non-financial reasoning is consistent with the resource.</p>