NZQA

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.

Merit   TOTAL **06**

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	25 600	
Loan from Dad	3 000	
Contract photography income		39 000
Total estimated receipts	28 600	39 000
Estimated payments		
Variable costs	13 600	
Insurance	2500	
Other fixed costs cash	4	
Workshop	8 000	
Contract photography expenses		5 200
Total estimated payments	28 100	5 200
Surplus (deficit) of cash	500	33 800

(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.

A cash budget is important to Noa as it shows him predicted receipts and payments in the future. This allows him to plan ahead and make adjustments as needed. This could look like adding more weddings if needed (for video), or choosing an alternative option. It is also important as it shows the surplus/(deficit) after six

months including all temporary costs, such as the
^which would no longer be there
one-off workshop totalling $8 000. In the summer
months, Noa will not need to include the full
workshop price, and only ~~[crossed out]~~ the interest free
loan. This will increase Noa's surplus assuming nothing
unexpected comes up.

In the summer months, Noa will be photographing an
additional 8 weddings, increasing wedding clients revenue by
$51 200 [($6 400 × 12) - ($6 400 × 4)] and also variable costs by
$27 200 [($3 400 × 12) - ($3 400 × 4)]. This will also increase Noa's
surplus, meaning providing a cash budget in the summer
months aswell is an important step.

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

$$BE = \frac{FC}{CM} = \frac{FC}{SP - VC} = \frac{12\,000}{6\,400 - 3\,400} = \frac{12\,000}{3\,000} = 4$$

Break-even number of weddings when video is added ___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.

If Noa only worked in the winter season, this means he
would only do 4 weddings per year (original 8 ÷ 2 = 4).
Break-even is where total revenue = total costs.

(Answer space continues on the next page ➤)

Noa's break-even number of weddings when video is added is 4. This means that Noa would not earn a profit if he added video and only worked in the winter season, since he is operating at break-even level. Noa must work more than 4 weddings to make a profit.

(e) Noa's current (2025/26) annual profit from 32 weddings is $29 400. How many weddings with the video added would he need to book to reach this profit? Round your answer up.

$$\frac{FC + profit}{CM} = \frac{12\,000 + 29\,400}{3\,000} = \frac{41\,400}{3\,000} = 13.8$$

Number of weddings __14__

(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.

' = working in pg 3 of resource booklet

PLANNING	
Financial considerations	**Non-financial considerations**
Add video and continue: • Winter months surplus of ~~$~~ 500 + predicted summer cash budget' surplus of $29 000 = 29 500 • Less than surplus of contract of $33 800 (for winter months) • Surplus of only 500 for six winter month (not worth it?)	Add video and continue: • Noa may have spare time in the winter months going on holiday • Noa should keep all his current clients and may gain more as video is increasingly popular. • Summer = 2 weddings /month Winter = 4 weddings /6 months
Work on contract over winter: • Surplus of $33 800 over 6 months ($1300/wk for 26 weeks) • $33 300 more surplus compared to video in winter • Fixed income (no unexpected payments)	Work on contract over winter: • Working only in winter – frees up summer meaning spend time with partner and family • No stress of own business • Other video company ~~____~~ means clients can still get video of wedding

Introduction:

Based on financial and non-financial considerations for Noa's decision, I recommend Noa should work for the local photographer on contract over the winter months.

Financial Consideration 1:

From looking at Noa's comparative cash budget for the 2026 winter months, it can be seen the he gains a surplus of $33 800. This is because of the $39 000 he makes from wages ($75/hr x 20hrs/wk x 26 wks) minus the weekly costs totalling $5 200 ($200 x 26 wks). This is a much larger surplus compared to the "video" surplus of $500. From making a summer cash budget for "video", video's total surplus all year round came to $29 500 ($500 + $29 000). This means that Noa working on contract only in the winter months will still make more than "video" all year round ($4 300 more for contract). So overall, Noa working on contract should generate him more surplus.

Financial Consideration 2:

With Noa working for a local photographer, this means that he should have a fixed income, with no unexpected payments. Noa should always be making a surplus of $1 300 each week ($75 x 20 hrs minus $200). With the video option, since it is his own business, Noa must pay any unexpected costs that

may come up. With the contract and weekly salary, Noa can plan out his finances more accurately.

Non - financial consideration 1:

With Noa working for a local photographer, this means he will only be working the 26 winter months from April to September. This means that he is free all summer, allowing him to spend more summer weekends with his partner and young family. This is a large benefit of working on the contract, as it allows him to spend much more time with family. If his young family refers to young children, it would allow Noa to stay at home and look after them, which will likely be a highlight of Noa's parenthood. If this was the case, it would also reduce any costs that may have come through child day care. Working for the local photographer also means Noa only has to work 6 months a year, allowing him to be less stressed.

Non - financial consideration 2:

Noa choosing to work for a local photographer would relieve pressure and stress off Noa. This is because running your own business is high-risk due to any problems/unexpected costs being your responsibility. Noa was also not making a significant surplus with his own business. This means that shutting down his business would relieve all this pressure and stress. Noa would also not need to worry about his customers, as (clients)

QUESTION NUMBER

(f)

carried on from prev. page (7)

Noa has competing photographers and videoers which his current clients could go to. This means he is not ditching his clients, leaving them with nothing, which could have potentially hurt his reputation. This is not the case so Noa can now have significantly reduced stress.

Conclusion:

Looking at the financial and non financial considerations for both adding video and working with the local photographer, I recommend Noa should work for the local photographer.

The financial information shows a larger and steadier surplus over the winter months, allowing free time in summer months for Noa to achieve his wish of more time with family.

In conclusion, I recommend Noa works for the local photographer on contract over the winter months.

Predicted summer video cash budget working

Receipts = (12 weddings × $6 400) = ~~(12 weddings)~~ = $76 800

Payments = VC (12 weddings × $3400) = $40 800

FC = ($12 000 - 1 500 - 2 500 = 8 000 $\frac{8 000}{2}$) = $4 000

Loan to dad (interest free) $3 000

$47 800

Surplus / (Deficit)   76 800 - 47 800 = $29 000 surplus

91408

Merit

Subject: Accounting

Standard: 91408

Total score: 06

Q	Grade score	Marker commentary
One	M6	All calculations are correct, so reasoning is based on accurate information. The candidate has used relevant calculations to explain the change in cash flow over summer. There is no confusion with cash flow and profit. By choosing Option 2 and citing the $29 500 cash surplus over the year, the candidate factors in short term receipts and payments. This could have been expanded on to also calculate the $37 500 surplus in the long term. This would show better understanding of the situation going forward and provide evidence for a higher grade. The candidate could also have done some CVP analysis to compare relative profitability of the two options. Non-financial reasoning is linked closely to the resource.