case study 3.1

Telecom Corporation of New Zealand Limited Balance Sheet



SOURCE: *Telecom Corporation of New Zealand Limited Annual Report 2013*, p. 77.

Questions

1 Figures are provided for both ‘Telecom Corporation of New Zealand Group’ and ‘Telecom Corporation of New Zealand Parent’.

(a) What is the difference between these two entities?

(b) Why are the two sets of figures provided?

2 The assets are classified as ‘current’ and ‘non-current’.

(a) What is the difference between these two categories?

(b) How else could the assets be classified?

3 What sort of items would be included in the inventory of ‘Telecom Corporation of New Zealand Group’?

4 Both the current and non-current liability categories include an account labelled ‘Provisions’.

(a) What does the term ‘provision’ mean?

(b) Provide possible examples of liability provision accounts.

(c) Discuss how a provision can be both a ‘current liability’ and a ‘non-current liability’.

5 Intangible assets make up 40.3% of Telecom Corporation of New Zealand Group’s 2013 total  
non-current assets.

(a) What is meant by the term ‘intangible assets’?

(b) What are some likely examples of intangible assets that Telecom Corporation of New Zealand may hold?

6 Does this report represent an ‘entity’ or ‘proprietary’ approach to the accounting equation?

7 Outline what is meant by ‘long-term derivative assets’. You should also illustrate your answer with examples.

8 Provide possible examples of ‘Reserve’ accounts for Telecom Corporation of New Zealand.

9 Why would accounts payable and accruals of the Telecom Corporation of New Zealand Group be greater than accounts payable and accruals of Telecom Corporation of New Zealand Parent?