NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING & FINANCE

QUALIFICATION: BACHELOR OF ACCOUNTING (HONOURS)	
QUALIFICATION CODE: 08BOAH	**LEVEL: 8**
COURSE CODE: PAR812S	**COURSE NAME: PUBLIC SECTOR FINANCIAL ACCOUNTING & REPORTING**
SESSION: DECEMBER 2025	**PAPER: THEORY AND APPLICATION**
DURATION: 3 HOURS	**MARKS: 100**

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINERS:	Mr. Kuhepa Tjondu
MODERATOR:	Mr. Emmanuel Milijala

INSTRUCTIONS

- This question paper is made up of THREE (3) questions.
- Answer All the questions and in blue or black ink.
- Show all your working in the answer sheet.
- Start each question on a new page in your answer booklet and show all your workings.
- Questions relating to this paper may be raised in the initial 30 minutes after the start of the paper. Thereafter, candidates must use their initiative to deal with any perceived error or ambiguities and any assumption made by the candidate should be clearly stated.

PERMISSIBLE MATERIALS

Non-programmable calculator/financial calculator

THIS QUESTION PAPER CONSISTS OF 8 PAGES (Including this front page)

QUESTION 1 **[25 MARKS]**

a) The Ministry of Indigenous Enterprises has been charged to collect legacy fixed assets data and value them in accordance with International Public Sector Accounting Standards (IPSAS). The Fixed Assets Coordinating Unit (FACU) of the Ministry has collected for valuation the following data for your action:

The Ministry owns a four (4) storey Office Administration block. The average cost per floor is N$4,741,256.25. The building was constructed on a land size of 20 plots of land owned by the Ministry. Currently a plot of land in that area costs N$2,500,000. The FACU has measured the sizes of the building as follows: Length at 87.5 meters, Width 42.65 meters. FACU intends to apply a reference price per square metre of N$4,432 to the area of the measurement in order to determine the value of the asset.

However, a professional body, the Institute of Architects and Engineers has given the reference price for cost of such office Building at an estimated price of N$87,965,025. The building has not seen any further face lift ever since. However, a fence wall with a gate to enforce security and secure the land has just been completed in the current year at a cost of N$8,970,000 with a lifespan of 50 years.

The year of construction of the office building could not be determined, yet an old watchman who had been there for ages remembers that the building was constructed some 42 years ago, a time when his seventh child was born. It is the decision of Government of Namibia on adoption of IPSAS not to take advantage of the three-year exemption period, but account for legacy fixed assets by taking 60% of the reference cost of the legacy assets as the Deemed cost, with reduced life span to 30 years.

Required:

i) Calculate the cost of the land and buildings with structures to be brought into the books on adoption of IPSAS and determine the depreciation chargeable in the first year in respect of these asset. **(9 marks)**

ii) Show the extract of Statement of Financial Position of the Ministry of Indigenous Enterprises as at that date. **(3 marks)**

b) You are the Director of Finance at the Namibia Water Development Authority, an entity under the Ministry of Forestry and Water. The Authority has a five-member Board chaired by the daughter of the Sector Minister. The Chief Executive Officer of the Authority has just been appointed by Government for an initial term of four years.

The Chairperson of the board runs boutique services. The Authority buys a lot of presents from this boutique whenever they are confronted with the need to give out presents to any high-profile person. The Chairperson has made a request to the Authority to finance her boutique services with an amount of N$546,000 to enable her business pay some urgent bills. No terms or conditions were provided in the request. Such an assistance from a financial institution would attract current prevailing bank interest on loan at a rate of 35% p.a. Recently another member of the Board contracted loan from the Bank for her child's university entrance fees at that rate.

Management of the Authority indicated that the amount was not significant to the Authority and has been approved by the Head of the entity and the Chief Director. The approved document has been handed over to you for payment. Considering the PFM Laws and IPSAS, you engaged the Chief Director about the request, but you were directed to go ahead and pay and use the appropriate accounting treatment in such circumstances. You accordingly raised the necessary documentations and effected the payment.

Required:

In relation to IPSAS 20: Related Party Disclosures:

i) Explain the implications of this transaction on the Authority and state how you would account for this transaction in the financial statements of the entity. **(4 marks)**

ii) State FOUR situations where related party transactions may lead to disclosures by a reporting entity. **(4 marks)**

iii) Explain FIVE reasons for disclosing related party transactions/relations. **(5 marks)**

QUESTION 2 **[25 MARKS]**

Namibia Wind Farms LTD, a State-Owned Enterprise (SOE), has appointed a new Board of Directors in January 2023. The new Board after settling for a year, are interested in assessing their performance for the year 2023 as against the performance of the previous Board in the year 2022 through ratio analysis. Below is the Financial Statement of Namibia Wind Farms LTD for the two years.

Namibia Wind Farms LTD

Statement of Profit or Loss for the Year Ended 31 December 2023	**2023**	**2022**
	N$	**N$**
Revenue	9,860,000	6,218,000
Direct Cost	(5,905,000)	(5,822,000)
Gross Profit	3,955,000	396,000
Distribution costs	(297,000)	(264,000)
Administrative expenses	(505,000)	(455,000)
Other Income	236,000	13,000
Other gains	-	1,482,000
Operating Profit	3,389,000	1,172,000
Finance cost	(1,000,000)	(334,000)

Profit before tax expense	2,389,000	838,000
Tax expense	(500,000)	(144,000)
Profit after tax	**1,889,000**	**694,000**

Namibia Wind Farms LTD

Statement of Financial Position as at 31 December 2023

	N$	**N$**
ASSETS	**2023**	**2022**
Non-Current Assets		
Property, plant & equipment	17,000,000	15,000,000
Investment	5,000	2,000
Advances & loans	-	30,000
Total Non-Current Assets	**17,005,000**	**15,032,000**
Current Assets		
Inventories	687,000	546,000
Trade and other receivables	2,829,000	1,978,000
Prepayments	87,000	42,000
Cash and cash equivalents	383,000	434,000
Total Current Assets	3,986,000	3,000,000
TOTAL ASSETS	**20,991,000**	**18,032,000**
Equity attributable to the owners		
Government equity	8,000	8,000
Other Government Equity	613,000	306,000

Equity	312,000	306,000
Other components of equity:		
Capital Surplus	8,471,000	7,599,000
Income surplus	(1,434,000)	478,000
Total Equity	7,970,000	8,697,000
Liabilities		
Non-current liabilities		
Deferred credit	6,692,000	670,000
Deferred tax liabilities	2,498,000	2,572,000
Borrowings – due after one year	1,297,000	950,000
Total Non-Current Liabilities	10,487,000	4,192,000
Current Liabilities		
Bank overdraft	166,000	180,000
Provisions for company tax	109,000	109,000
Trade and other payables	1,820,000	4,516,000
Borrowings –due within one year	439,000	338,000
Total Current Liabilities	2,534,000	5,143,000
Total Liabilities	13,021,000	9,335,000
TOTAL EQUITY AND LIABILITIES	**20,991,000**	**18,032,000**

Required:

a) Compute the following ratios for 2022 and 2023 (Including the formulas used):

i) Current Ratio

ii) Quick Ratio

iii) Inventory Turnover (Days)

iv) Trade Receivable Collection Period (Days)

v) Trade Payables Period (Days)

vi) Working Capital Cycle

vii) Interest Cover Ratio

viii) Total Debt – Total Asset Ratio **(12 marks)**

b) Based on your results in (a), write a report to the newly appointed board analysing and indicating whether their performance is better in comparison with the old board.

(10 marks)

c) Explain THREE limitations of ratio analysis. **(3 marks)**

QUESTION 3 **[50 MARKS]**

Below is a Trial Balance of Padja University Hospital (PUH) under the Ministry of Health for the year ended 31 December 2023.

	Dr	Cr
	N$ 000	**N$ 000**
Cash and Bank - GRN	3,400	
Cash and Bank – **IGF***	72,200	
Cash and Bank - Donor Funds	210,400	
Undeposited Cash - IGF	4,000	
Petty Cash	100	
Investments	2,000	
Debtors	661,400	
Other Receivables	17,700	
Withholding Tax		2,900
Trust Funds		10,700
Trade Payables		452,400
GRN Subsidy - Employee Compensation		3,912,500
GRN Subsidy - Goods & Services		22,000
Development Partners Programmes Receipt		561,900
Other Non-Operating Income		1,500
Medicines & Pharmaceuticals		433,900
Surgical		50,800
Medical		111,400
Investigation		140,900
OPD		238,400
Obstetrics and Gynaecology		135,300
Dental		8,300
Pediatrics		40,300
Ear, Nose & Throat		5,300
Eye Care		7,300
Mortuary		30,000
Ambulance Fees		300

Ophthalmology		3,000
Physiotherapy		3,300
Examination Fees		200
Dialysis		400
Feeding		30,400
Employee Compensation - GRN	3,912,500	
Goods & Services - GRN	20,800	
Employee Compensation - IGF	148,000	
Goods & Services - IGF	978,500	
Capital Expenditure - IGF	27,500	
Goods & Services - Partners Fund	472,400	
Accumulated Fund		327,500
	6,530,900	**6,530,900**

Additional Information:

*** Internally Generated Funds (IGF)**

i) The hospital, until the year 2023, used modified accrual accounting to prepare its financial statements. The OAG in 2023 directed all SOE's to prepare the year 2023 financial statements in accordance with the accrual basis International Public Sector Accounting Standards (IPSAS).

ii) The hospital revalued its legacy assets acquired and expensed before the year 2023 as follows:

	N$000
Motor Vehicles	50,250
Buildings	120,540
Medical Equipment and other Equipment	31,500
Land	15,000

iii) Gavi, a major Development Partner supported the hospital with an amount of N$200,000,000 for the year 2023: 20% of this amount received was meant for the first quarter of 2024. Also, the Global Fund commitment to the hospital per the Partnership Agreement for the year was N$250,000,000. However only N$200,000,000 was received by the hospital.

iv) The NHP on 15 January 2024 and before the hospital forwarded the financial statements to the Ministry, issued a report on claims submitted for payment by health facilities for the month of October 2023. The report revealed claims rejected amounting to 10% of the total submission of N$100,300,000 by the hospital.

v) In line with the Public Financial Management Act, Parliament approved a write-off of N$20,225,000 representing various hospital services provided to citizen by PUH over the years for which payments were not received.

vi) The capital expenditure for the year is made up of Medical Equipment (N$19,236,000) and Furniture & Fittings (N$8,264,000).

vii) The GRN depreciation policy is the straight-line basis and charged as follows:

Building	5%
Motor Vehicle	20%
Medical Equipment	10%
Furniture & Fitting	25%

viii) Inventory at year end were as follows:

	Cost	**Replacement Cost**	**Net Realisable Value**
	N$000	**N$000**	**N$000**
Medicines (for resale)	146,800	176,100	132,100
Medical Consumables (For use on clients)	29,400	33,800	30,800
Office Consumables	19,600	29,400	18,600

Required:

In compliance with IPSAS, the PFM Act and the Chart of Accounts of Government of Nambia, prepare:

a) A Statement of Financial Performance for Padja University Hospital for the year ended 31 December 2023. **(20 marks)**

b) A Statement of Financial Position of Padja University Hospital as at 31 December 2023. **(20 marks)**

c) Explain the steps involved in Accounting for Revenue with Binding Arrangements in accordance with IPSAS 47. **(10 marks)**

(Total = 50 marks)

THE END