NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07BOAC	**LEVEL:** 6
COURSE CODE: FAC611S	**COURSE NAME:** FINANCIAL ACCOUNTING 201
DATE: JUNE 2025	**PAPER:** THEORY AND CALCULATIONS
DURATION: 3 HOURS	**MARKS:** 100

FIRST OPPORTUNITY EXAMINATION PAPER	
EXAMINER(S)	Mr. C. Mahindi, Ms. P. Erkie, Mr. F. Alumbungu, Ms. O.Ndivayele, Ms. A Gustav and Dr. D.R. Muzira
MODERATOR:	Dr. S. Dzomira

INSTRUCTIONS
1. Capture your full name, student number and assessment number on the first page. 2. Answer ALL the questions and manage your time properly. 3. Number each page correctly 4. Write clearly and neatly. 5. Do not write in pencil and do not use tip-ex, as this will not be marked. 6. The names of people and businesses used throughout this assessment do not reflect the reality and may be purely coincidental. 7. **SHOW ALL WORKINGS!**

THIS QUESTION PAPER CONSISTS OF 3 PAGES (excluding this front page)

QUESTION 1 **(30 marks)**

EduTab is a company that produces educational tablets for school learners across Namibia. The company has a 31 March year-end.

The following information relates to the assets of the company:

Property – Swakopmund

On 01 October 2021, the company purchased a manufacturing property for N$8 000 000 (Land: N$2 300 000; Building: N$5 700 000). The residual value of the building on acquisition date was estimated to be N$700 000. The property was available for use, as intended by management, on the acquisition date. The building is expected to have a useful life of 20 years. Both the residual value and useful life of the building remained unchanged throughout the period.

On 31 March 2024, the land was revalued for the first time. On this date, the fair value of the land was determined to be N$2 400 000. Additionally on the same date, due to a decline in the market and changes in the company's operational plans, a review was conducted. It was determined that the fair value less costs to sell was N$4 980 000, and the value in use was N$4 700 000.

On 31 March 2025. The fair value of the land was N$ 2 200 000.

REQUIRED:

a) Prepare journal entries for the year ended 31 March 2024 and 31 March 2025. Show account classifications (SPL, SFP, OCI etc). (20)
b) Disclose the Property, plant and equipment in the notes to the financial statements for the year ended 31 March 2025. (10)

QUESTION 2 **(30 marks)**

Leen Ltd acquired a property on 1 January 2019 at a cost of N$4,000,000 and immediately occupied it as office premise. On acquisition, it was estimated to have a useful life of 50 years. Subsequent to its acquisition, the asset was measured at depreciated cost until 1 October 2024 when management of Leen Ltd decided to convert the building into an investment property (mainly for rentals) and rented it out to tenants in terms of an operating lease agreement.

Following this decision, the property was fair valued at N$3,800,000. Leen Ltd adopted the fair value model for subsequent measurement of the investment property. On 31 December 2024, it was fair valued at N$3,900,000.

REQUIRED:

a) Provide the general journal entries to account for the property in the records of Leen Ltd for the reporting period ended 31 December 2024. (Show account classifications SPL, SFP, OCI etc). Clearly indicate whether the buildings are classified as property, plant and equipment (PPE) or investment property (IP). (15)

b) Account for the treatment of this property in the 2024 financial statements (SPL, SFP, SCE) of Leen Ltd. (7)

c) A bookkeeper heard that you are an accounting student and came with an enquiry on how to deal with a change in use of an Investment Property to Inventory and a change from Inventory to Investment Property. Describe how to deal with these changes in use. (8)

Show all workings!

QUESTION 3 **(40 marks)**

You are the financial accountant at Boma Technologies Ltd, a Namibian company that develops and licenses specialised software to clients in the mining industry. The company's financial year ends on 31 May.

On 1 June 2023, Boma Technologies Ltd capitalised N$2 000 000 in development costs related to a new software product for mine safety inspections. The recognition criteria of IAS 38 – Intangible Assets were met. The useful life of the software was estimated at 5 years, with no residual value, and amortisation is calculated on a straight-line basis

At the end of the 2024 financial year (31 May 2024), due to a competitor's release of a similar product, management conducted an impairment test. The value in use was estimated to be N$1, 235,000 while the fair value less costs to sell were estimated at N$1 300 000.

On 31 January 2025, management decided to sell the software, intending to focus on a new product line. On that date:

- The software met the criteria for classification as a non-current asset held for sale (NCAHFS) under IFRS 5.
- The fair value less costs to sell was N$1 000 000.

By 31 May 2025, the planned sale had not occurred, and the board resolved to retain the asset for continued use due to renewed client interest.

The recoverable amount at 31 May 2025 was estimated to be N$1 500 000.

REQUIRED

a) What are the criteria to be considered to classify an asset as held for sale. (5)

b) Calculate the carrying amount of the Software before classification as held for sale for the reporting period ended 31 May 2025. (5)

c) Provide the general journal entries on 31 January 2025. (5)

d) Calculate the impairment loss/ impairment loss reversal on 31 May 2025 and explain the treatment of the asset on this date and going forward. (10)

e) Prepare the Intangible asset note to the financial statements of Boma Technologies limited for the reporting period ended 31 May 2025 (15)

END OF EXAMINATION QUESTION PAPER