



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07 BOAC	LEVEL: 7
COURSE CODE: GFA 712S	COURSE NAME: FINANCIAL ACCOUNTING 320
SESSION: Oct/Nov 2025	PAPER: THEORY AND CALCULATIONS
DURATION: 3 hours	MARKS: 100

1st OPPORTUNITY / FINAL EXAMINATION – QUESTION PAPER	
EXAMINER(S)	D Kamotho & S Dzomira
MODERATOR:	M Tondota

INSTRUCTIONS

1. Answer **ALL questions** in blue or black ink only.
2. Read all the questions carefully before answering.
3. Please ensure that your writing is legible, neat and presentable.
4. Start each question on a new page and number the answers clearly.
5. No programmable calculators are allowed.
6. The names of people and businesses used throughout this assessment do not reflect the reality and may be purely coincidental.
7. Questions relating to the 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 & any assumption made by the candidate should be clearly stated.
8. Do not write in pencil and do not use tip-ex, as this will not be marked.
9. **SHOW ALL WORKINGS!**

THIS QUESTION PAPER CONSISTS OF 7 PAGES (excluding the front page)

QUESTION 1**(25 marks)**

Shimii Ltd acquired 75% of the shares in Shilongo Ltd on 1 January 2024 when Shilongo Ltd had retained earnings of N\$15,000. The market price of Shilongo's shares just before the date of acquisition was N\$1.60. Shimii values non-controlling interest at fair value. Goodwill is not impaired.

The statements of financial position of Shimii and Shilongo at 31 December 2024 were as follows:

	Shimii	Shilongo
	N\$	N\$
Property, plant and equipment	60,000	50,000
Shares in Shilongo Ltd	<u>68,000</u>	=
	128,000	50,000
Current assets	<u>52,000</u>	<u>35,000</u>
	<u>180,000</u>	<u>85,000</u>
Share capital – \$1 shares	100,000	50,000
Retained earnings	<u>70,000</u>	<u>25,000</u>
	170,000	75,000
Current liabilities	<u>10,000</u>	<u>10,000</u>
	<u>180,000</u>	<u>85,000</u>

Required

- a) Prepare the consolidated statement of financial position of the Shimii Group as at 31 December 2024 (20)
- b) Define the following as per IFRS 13
- i. Principal market (2)
 - ii. Most advantageous market (3)

{Total: 25 Marks}

QUESTION 2

(25 marks)

Orion Ltd acquired an 80% interest in Vega Ltd on 1 July 2025. The consideration and additional information are as follows:

Consideration transferred

- Equity instruments – Issue of 120 000 ordinary shares in Orion Ltd (nominal value N\$1). Orion's quoted share price at 1 July 2025 is N\$9.
- Deferred cash payments – A commitment to pay N\$1 200 000 in four equal instalments on 1 July 2026, 2027, 2028 and 2029. No interest is charged.
- Non-monetary asset – Transfer of equipment carried at N\$250 000; fair value at 1 July 2025 is N\$300 000.
- Inventory delivery – Delivery of 8 000 finished-goods units (cost N\$18 per unit; fair value N\$24 per unit).
- Acquisition-related costs – Unpaid legal fees of N\$220 000 incurred on 30 June 2025.

Acquiree's operating lease (Vega Ltd)

- Office lease commenced 1 July 2023 for five years; annual rentals N\$75 000 payable in arrears on 30 June. Three payments remain.
- Market rent for a similar lease is N\$90 000 p.a.; incremental borrowing rate 9%.

Identifiable net assets at acquisition

- Carrying amount: N\$4 000 000.
- Contingent liability (not in books): fair-value outflow estimate N\$360 000.
- Fair-value vs carrying differences at 1 July 2025: PPE: carrying N\$800 000 → fair value N\$900 000; Inventory: carrying N\$600 000 → fair value N\$560 000.

Other information

- Tax rate: 30%.
- NCI measurement: proportionate share of net assets (partial method).

Required:

- Compute the acquisition-date fair value of the consideration transferred. (8)
- Prepare the journal entries in Orion Ltd's separate financial statements at 1 July 2025 to record the transactions in 1). (7)
- IFRS 3 & IFRS 16: Account for Vega Ltd's operating lease at acquisition; identify and measure any lease-related intangible. (5)
- Calculate goodwill (or gain on bargain purchase), considering deferred tax. (5)

{Total: 25 Marks}**QUESTION 3****(25 marks)**

On 1 September 2024 Swing Co acquired 70% of Slide Co for N\$5,000,000, comprising N\$1,000,000 cash and 1,500,000 N\$1 shares.

The statement of financial position of Slide Co at acquisition was as follows:

	N\$'000
Property, plant and equipment	2,700
Inventories	1,600
Trade receivables	600
Cash	400
Trade payables	(300)
Income tax payable	<u>(200)</u>
	4,800

The consolidated statement of financial position of Swing Co as at 31 December 2024 was as follows:

	2024	2023
	N\$'000	N\$'000
Non-current assets		
Property, plant and equipment	35,500	25,000
Goodwill	<u>1,400</u>	=
	<u>36,900</u>	<u>25,000</u>
Current assets		
Inventories	16,000	10,000
Trade receivables	9,800	7,500
Cash	<u>2,400</u>	<u>1,500</u>
	<u>28,200</u>	<u>19,000</u>
	<u>65,100</u>	<u>44,000</u>
Equity attributable to owners of the parent		
Share capital	12,300	10,000
Share premium	5,800	2,000
Revaluation surplus	350	–
Retained earnings	<u>32,100</u>	<u>21,900</u>
	50,550	33,900
Non-controlling interest	<u>1,750</u>	=
	52,300	33,900
Current liabilities		
Trade payables	7,600	6,100
Income tax payable	<u>5,200</u>	<u>4,000</u>
	<u>12,800</u>	<u>10,100</u>
	<u>65,100</u>	<u>44,000</u>

The consolidated statement of profit or loss and other comprehensive income of Swing Co for the year ended 31 December 2024 was as follows:

	2024
	N\$'000
Profit before tax	16,500
Income tax expense	<u>(5,200)</u>
Profit for the year	11,300
Other comprehensive income (not reclassified to P/L)	
Revaluation surplus	<u>500</u>
Total comprehensive income for the year	<u>11,800</u>
Profit attributable to:	
Owners of the parent	11,100
Non-controlling interest	<u>200</u>
	<u>11300</u>
Total comprehensive income for the year attributable to	
Owners of the parent	11,450
Non-controlling interest 200 + (500 × 30%)	<u>350</u>
	<u>11,800</u>

Notes:

1. Depreciation charged for the year was N\$5,800,000. The group made no disposals of property, plant and equipment.
2. Dividends paid by Swing Co amounted to N\$900,000.

It is the group's policy to value the non-controlling interest at its proportionate share of the fair value of the subsidiary's identifiable net assets.

Required

Prepare the consolidated statement of cash flows of Swing Co for the year ended 31 December 2024.

No notes are required

(25)

{Total: 25 Marks}

QUESTION 4**(25 marks)**

The following statements of profit or loss and other comprehensive income (SoPLOCi) relate to Aurora Ltd and its investee companies, Nebula Ltd and Quasar Ltd, for the year ended 31 December 2024.

Particulars	Aurora Ltd (N\$ m)	Nebula Ltd (N\$ m)	Quasar Ltd (N\$ m)
Revenue	4,200	2,400	1,100
Cost of Sales	-1,480	-1,080	-440
Gross Profit	2,720	1,320	660
Operating Expenses	-980	-520	-220
Finance Costs	-160	-70	-40
Other Income	55	–	–
Investment Income	110	–	–
Profit Before Tax	1,745	730	400
Taxation	-350	-160	-80
Profit for the Year	1,395	570	320
Other Comprehensive Income: Gains on property revaluations	180	100	40
Total Comprehensive Income	1,575	670	360

Additional Information

- Aurora Ltd acquired 80% of Nebula Ltd on 1 July 2024. Consideration: cash of N\$1,400 million, plus 600 million shares of N\$1 par each issued at a fair value of N\$3.00 per share (N\$1,800 million). The fair value of the non-controlling interest (NCI) at acquisition was N\$850 million. Nebula's identifiable net assets at fair value were N\$3,500 million at acquisition.
- Aurora Ltd has held 25% of Quasar Ltd for several years and exercises significant influence (equity-accounted).

- On acquisition, Nebula's property's fair value exceeded carrying amount by N\$120 million. Remaining useful life: 20 years. Additional depreciation related to this fair value step-up is charged to cost of sales.
- During the post-acquisition period, Nebula sold goods to Aurora for N\$80 million at a profit margin of 25% on selling price. Thirty percent (30%) of these goods remained in Aurora's closing inventory at year-end.
- Aurora provides management services to Nebula for an annual fee of N\$5 million, recognised by Aurora in "Other income" and by Nebula as part of "Operating expenses". The fee accrues evenly throughout the year.
- Goodwill was tested for impairment at year-end; an impairment loss of N\$60 million is recognised in group operating expenses.
- All revaluation gains were recorded in the post-acquisition period. Unless otherwise stated, income and expenses accrued evenly throughout the year.

Required:

- Calculate:
 - The goodwill arising on the acquisition of Nebula Ltd by Aurora Ltd; and
 - The amount of goodwill that should appear in the consolidated Statement of Financial Position as at 31 December 2024. (5)
- Prepare the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Aurora Group for the year ended 31 December 2024, showing the composition of your figures. (20)

{Total: 25 Marks}

END OF QUESTION PAPER