



SEPTEMBER 2020 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN ACCOUNTANCY PROGRAMME

SUBJECT: DA1- FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 75 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 29.3% was recorded. The highest score was 14 while the lowest was 2 out of 20.

This was a multiple choice compulsory question and candidates scored reasonably well.

QUESTION TWO

The general performance on the question was good. 42 out of the 68 candidates that attempted it obtained 10 and above marks out of 20. The pass rate was 61.8%. The highest score out of 20 was 19, while the lowest was 4.

This question required candidates to prepare the final accounts of a limited liability company that is (a) income statement and (b) Statement of financial position.

The following were the observations:

- i. Most candidates had challenges in observing the format of IAS 1.
- ii. Posting the correct amount of adjusted increase in allowance for receivables to the income statement. i.e. the difference between the new total K438,000 @2% ,K8760 – K6000 indicated in the trial balance (K2,760).
- iii. Adjusting the interest payable on debentures (K125,000 @10% =K12,500) by adding K6,500 to K6,000 amount already paid as showing in the trial balance.
- iv. Most candidates failed to identify patents and trademarks as intangible non-current assets under non-current assets.
- v. Adding depreciation calculated and posted in the income statement to depreciation in the trial balance to arrive at the accumulated depreciation so as to calculate the correct net book values.
- vi. Failure to identify 10% debenture 2023 as a non-current liability as most candidates treated it as a current liability.

QUESTION THREE

The general performance on the question was poor. Only 17 out of the 38 candidates that attempted the question obtained at least 10 out of the available 20 marks. A pass rate of 44.7% was recorded. The highest mark scored was 19 while the lowest was 2 out of 20.

The question was the least attempted. It required candidates to prepare the following:

- a) calculation of the accumulated fund, 1 December 2018
- b) Subscription accounts

- i) Grants from GRZ account
- ii) Surplus on sales of music books

c) Income and expenditure accounts for the year ended 30 November 2019.

Candidates who attempted the question earned few marks from this question due to the following common mistakes:

- i. Most candidates were unable to currently identify the double entry.
- ii. Failure to identify incomes to take to income and expenditure account.

Candidates are advised to observe double entry and prepare T- accounts.

QUESTION FOUR

The general performance on the question was poor. Out of the 71 candidates that attempted the question, only 26 got 10 and above marks out of 20 (representing a 36.6% pass rate). The highest mark scored was 16 while the lowest was 1 out of 20 marks.

Part (a) required candidates to prepare a manufacturing account and statement of profit or loss for the year ended 30 June 2018.

This part of the question was answered with fewer difficulties.

Part (b) required candidates to explain six (6) barriers to international harmonization of global accounting standards.

Candidates had difficulties and the following should come out:

- i. Different purpose of financial reporting
- ii. Different legal system
- iii. Different user group
- iv. Needs of developing countries
- v. Cultural differences
- vi. Lack of strong accountancy bodies.

Part (c) required candidates to explain the difference between:

- (i) Personal and impersonal accounts
- (ii) Input VAT and output VAT

This part of the question was fairly answered.

QUESTION FIVE

The general performance on the question was very poor. Only 4 out of the 29 candidates that attempted the question obtained 10 and above marks out of 20. The pass rate was 13.8%. The highest mark scored was 14 while the lowest was 1 out of 20.

Part (a) required candidates to describe what a public sector is. Most candidates correctly explained and gave examples.

Part (b) required candidates to identify and briefly explain the five major benefits of IPSAS for Zambia public sector accounting. This question was poorly answered and candidates are advised to read adequately.

Part (c) required candidates to briefly distinguish between public sector cash reporting and accrual basis reporting. This question was equally poorly answered. Candidates are again advised to read adequately.

QUESTION SIX

The general performance on the question was very poor as only 17 out of the 61 candidates that attempted it got 10 and above marks out of 20 (representing a 27.9% pass rate). The highest mark scored was 20 while the lowest was 1 out of 20.

The question required candidates to explain the qualitative characteristics of financial information as regards, relevance, faithful representation, comparability, verifiability and understandability. This question was poorly answered and candidates are advised to read adequately on basic theory covered in the syllabus to enhance their chances of obtaining high marks.

OVERALL PERFORMANCE OF CANDIDATES:

- i. Highest mark obtained in this paper: 66%
- ii. Lowest score in this paper: 14%
- iii. Overall pass rate in this paper: 32%

SUBJECT: DA2 QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on this question was poor. Only 21 out of the 56 candidates that attempted the question obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 37.5%. The highest mark scored was 14 out of 20 marks while the lowest was 0.

This was a multiple choice question which was attempted by all candidates. The question covered the entire syllabus hence candidates had a fair choice of questions they could possibly answer correctly. Some candidates lost marks because they failed to compute the given question requirements correctly.

QUESTION TWO

The general performance on this question was poor. Of the 40 candidates that attempted the question, only 10 obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 25%. The highest mark scored was 18 out of 20 marks while the lowest was 0.

Part (a) required candidates to use probability rules to solve the given problem, and there was an observed misuse of rules of probability hence the performance was bad on probability.

Part (b) of this question involved creation of inequalities and solve a linear programming task. Candidates were able to get some inequalities correctly but some candidates were writing wrong signs on the inequalities hence getting wrong feasible regions on the graphs they made.

Part (c) required candidates to find the interest value using the method of simple interest, most of the candidates solved this part correctly but a few failed due to use of wrong formula for simple interest.

QUESTION THREE

The general performance on this question was fair. 23 out of the 44 candidates that attempted the question obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 52.3%. The highest mark scored was 20 out of 20 marks while the lowest was 0.

The first part of the question required candidates to formulate a regression equation and solve required questions on regression. Most candidates successfully solved this part, but a few got wrong regression equation due to wrong summations of the data.

The second part required candidate to compute expected monetary value EMV and expected opportunity loss EOL from two products. They were then required to

choose a profitable product, it was observed that most candidates failed to solve this question correctly, mainly showing signs of lack of understanding of the topic.

QUESTION FOUR

The general performance on this question was good. 36 out of the 53 candidates that attempted the question obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 67.9%. The highest mark scored was 20 out of 20 marks while the lowest was 0.

The first part was successfully solved and it involved regression equation formulation. Candidates were able to find the correct summations and hence got the correct equation.

Part (b) which required candidates to simulate sales using given random numbers. There were signs of lack of understanding of what they were required to do on this part. Candidates did not know how to present solutions hence it can be concluded that there is need to clarify on what candidates should know about simulation of random numbers

Part (c) of the question required candidates to use simple interest method to find the interest. Most candidates managed to solve this part correctly. The candidates who failed were using wrong formulas which apply for compound interest.

QUESTION FIVE

The general performance on this question was very poor. Out of the 31 candidates that attempted the question, only 2 obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 6.5%. The highest mark scored was 16 out of 20 marks while the lowest was 0.

Part (a) of the question required candidates to use the Binomial probability distribution method to find required probability. Most candidates failed to use the correct formula and could not understand the mathematical language that was used.

The second part required candidates to use the discrete probability distribution method to solve the given problem. Candidates had challenges in use of the above methods to solve the problem hence the low performance.

QUESTION SIX

The general performance on this question was very good. 40 out of the 56 candidates that attempted the question obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 71.4%. The highest mark scored was 19 out of 20 marks while the lowest was 0.

Part (a) of the question required candidates to use the method of compound interest to find the future value. Most candidates successfully solved this problem. Few who failed the question were using wrong formulas.

Part (b) required candidates to formulate a scatter plot and also to find the correlation coefficient of the data. Candidates showed strong knowledge content in this subject hence got higher marks. Few candidates failed due to use of wrong summation of given data.

OVERALL PERFORMANCE OF CANDIDATES:

- i. Highest mark obtained in this paper: 84%
- ii. Lowest score in this paper: 08%
- iii. Overall pass rate in this paper: 39.3%

SUBJECT: DA3-BUSINESS ECONOMICS

QUESTION ONE

The general performance on this question was poor. Only 21 out of the 50 candidates that attempted the question obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 42%. The highest mark scored was 16 out of 20 marks while the lowest was 0.

QUESTION TWO

The general performance on this question was excellent. 45 out of the 48 candidates that attempted the question obtained 10 and above marks out of the 20 marks available. The overall pass rate recorded was 93.8%. The highest mark scored was 20 out of 20 marks while the lowest was 5.

This was an optional question on Microeconomics. It was divided into three parts namely (a), (b) and (c). Part (a) required candidates to state any five (5) advantages of the partnership type of business organisation. Performance was very good.

Part (b) required candidates to state any five (5) disadvantages of a partnership type of business organisation while part (c) tested candidates' understanding of the basic economic concepts and to apply them to the given scenario – Constituency Development Fund. Some candidates merely defined the concepts but never explained them in line with the given scenario. Candidates are urged to address the specific requirements of the question to obtain the full marks allocated.

QUESTION THREE

The general performance on this question was very poor. The pass rate was at 15.4% (only 2 out of 13 candidates managed to obtain 10 and above marks out of 20). The highest score was 12 out of 20 marks while the lowest score was 0 out of 20 marks.

This was another optional question on Microeconomics. The question was divided into five parts namely (a), (b), (c), (d) and (e). Part (a) required candidates to outline any four (4) characteristics of a market economy. Performance was mixed with some candidates writing the characteristics of Perfect Competition instead of Market Economy as required by the question. Candidates are urged to read and understand the question before attempting it.

Part (b) had two parts. The first one required candidates to explain what happens to equilibrium price and quantity in the market for fruits and vegetables following a reduction in workers' wages. Performance was very poor. Candidates needed to appreciate the fact that wages affect the supply curve and not the demand curve. A reduction in wages would reduce the costs of production thereby shifting the supply

curve to the right. Equilibrium price would fall while the equilibrium quantity would increase. Candidates must learn to graph properly to arrive at correct conclusions.

The second part of (b) required candidates to use the graph to explain what happens to the equilibrium position in the labour market as a result of this change. Supply for labour would decrease while demand for labour would increase.

In part (c), the candidates were required to explain the use of cross elasticity of demand using an appropriate formula. Performance was poor. Some students merely wrote the formula without explain what cross elasticity of demand is used for.

Part (d) required candidates to calculate the cross elasticity of demand from the given data. Some candidates didn't know what to do. Others were able to calculate the correct value. Key was to know the formula and the substitute the given figures into the formula.

Part (e) required candidates to advise the firm on the correct pricing decision for goods X and Y given their elasticities. Good X had elastic demand, the correct change is to reduce the price. Good Y had inelastic demand hence the correct change would be to increase the selling price in order to increase total revenue.

QUESTION FOUR

The general performance on this question was fair. 18 out of the 39 candidates that attempted the question obtained 10 marks and above out of 20. The pass rate recorded was 46.2%. The highest mark scored was 17 out of 20 and the lowest 2 out of 20.

This was an optional question on Macroeconomics. The question examined candidates' understanding of National Income Determination. The question was divided into four parts (a) to (d).

Part (a) required candidates to describe the relationship between the multiplier and the marginal propensity to consume. Candidates need to know that the two are directly related.

Part (b) required candidates to find the equilibrium level of output from the given data. Very few candidates got this right due to failure to use the correct equation (See the suggested solution).

Part (c) required candidates to explain any three types of unemployment. This section was fairly well done.

Part (d) required candidate to outline the four main transactions captured in the current account of the balance of payments. Many candidates failed this question. Majority looked at the Current Account from the usual Partnership Accounts rather than the Balance of Payments (Economic view). Candidates are urged to study hard.

QUESTION FIVE

The general performance on the question was poor. Only 10 out of the 32 candidates that attempted the question managed to obtain 10 and above marks out of 20. The pass rate was 31.3%. The highest score was 20 and the lowest was 0 marks out of 20.

This was an optional question on Macroeconomics. The question was divided into five parts namely (a), (b), (c) and (d). In part (a), the candidates were required to distinguish between a stagflation and hyperinflation. A good number of students understood hyperinflation but not stagflation which is simply a situation where both unemployment and inflation rates are high because the economy is stagnant.

Part (b) required candidates to explain cost push inflation. Many candidates got this right but some answers were too brief for six marks.

Part (c) (i) required candidates to minimum wage unemployment. This was poorly done as many candidates concentrated on the willingness of the workers instead of focusing on the supply side for labour. It is unemployment caused by employers laying-off workers because they cannot afford to pay them when there is an upward adjustment.

Part (c) (ii) required candidates to explain demand deficient unemployment. This is simply unemployment caused by insufficient demand for goods and services in the market.

Part (d) required candidates to explain any two (2) solutions provided by Keynesian economists to solve demand deficient unemployment. Failure to answer question (c)(ii) correctly meant that (d) became a problem. All that was required was to increase demand in the economy by reducing tax rates and increasing government expenditure.

QUESTION SIX

The general performance on the question was poor. 13 out of the 39 candidates that attempted the question got 10 and above out of the available 20 marks. The pass rate was 33.3%. Highest candidate scored 14 out of 20 and the lowest scored 0.

This was also an optional question on Macroeconomics. The question was divided into five parts namely (a), (b), (c) and (d) as outlined below:

- a) Required candidates to define the term Gross national Product. Well attempted
- b) Required candidates to describe the four sector circular flow model in a closed economy. Candidates need first to understand that a closed economy is one where there are no imports and exports. Many candidates only identified household and firms but could not include the government and the financial sector in their answers. Some candidates included the foreign sector in their answers!

c) Required candidates to outline any two (2) uses and any three (3) problems of GDP data. Fairly done.

d) Required candidates to demonstrate their understanding of national income determination using a closed economy data given. Overall calculations were very poor, though others recognized the equilibrium condition. The key was that equilibrium occurs at a point where $Y = AE$ followed by proper substitution.

QUESTION SEVEN

The general performance on this question was very good. 21 out of 27 candidates that attempted the question scored 10 and above marks out of the available 20 marks. The pass rate recorded was 77.8%. Highest mark scored was 20 out of 20 and the lowest was 0 out of 20.

This was another optional question on Macroeconomics. The question was divided into three parts namely (a), (b) and (c) as follows:

a) Required candidates to explain any three (3) criticisms of globalization. Fairly done by many candidates.

b) Required candidates to explain any three (3) objectives of the global financial institutions like the World Bank, International Monetary Fund and the Group of Twenty. Performance was very poor indicating that many candidates grossed over this topic when studying. All the answers are nevertheless available in the study guide.

c) Required candidates to state any four (4) macroeconomic objectives of a country like Zambia. This part was well answered.

OVERALL PERFORMANCE OF CANDIDATES:

- i. Highest mark obtained in this paper: 80%
- ii. Lowest score in this paper: 01%
- iii. Overall pass rate in this paper: 66%

SUBJECT: DA4 INFORMATION COMMUNICATION TECHNOLOGY

QUESTION ONE

The general performance on this question was excellent. 56 out of the 67 candidates that attempted it obtained 10 marks and above out of 20 (representing a pass rate of 83.6%). The highest mark scored was 20 while the lowest was 4 out of 20.

QUESTION TWO

The general performance on this question was good. 33 out of 55 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 60%. The highest mark scored was 14 out of 20 while the lowest was 1.

The following were the common mistakes noted in the question:

- i. In 2(a) the functions were not correctly explained using a suitable example.
- ii. 2(b) candidates were listing general information systems instead of accounting information systems.
- iii. 2(c) the question asked to briefly explain on any two (2) types of networks but candidates were explaining all the three.
- iv. 2(d) students were writing the general problems associated with using computer and not what the question was asking, health problems associated with using the computer.

Candidates appear to mistake problems with disadvantages. They were too many wrong answers like computers causing cancer, brain damage and reducing sperm count.

QUESTION THREE

The general performance on this question was also fair. 22 out of the 41 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 53.7%. The highest mark scored was 16 out of 20 while the lowest was 2.

The following were the common mistakes noted in this question:

- i. Part 3(a) was well answered except for the IF function formula that wasn't correctly written down by most candidates.
- ii. Some candidates were using actual values instead of using the cell referencing.
- iii. Part 3(b) most candidates were only explaining the security aspect of the computer system and not the safety aspect of the computer system.
- iv. Part 3(c) was well answered by most candidates.
- v. Part 3(d) Most candidates failed to explain MICR as a document reading method correctly. A good number of candidates were leaving the question unanswered, meaning that they didn't know what MICR is.

QUESTION FOUR

The general performance on this question was very good. 29 out of the 38 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 76.3%. The highest mark scored was 16 out of 20 while the lowest was 6.

The following were the common mistakes noted in this question:

- i. 4(a) this question was well answered by the candidates and explained the benefits of using email in business well.
- ii. 4(b) this part of the question was poorly answered. The candidates couldn't explain check digit and sequence validation check correctly.
- iii. 4(c) this part of the question about the computerized payroll system was well answered by most candidates.
- iv. 4(d) this part of the question was poorly answered. Candidates were mistaking multi-media application to social-media. Only a few wrote the correct explanation.

QUESTION FIVE

The general performance on this question was poor. Only 4 out of the 16 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 25%. The highest mark scored was 15 out of 20 while the lowest was 2.

The following were some of the mistakes that were noted:

- i. In part 5(a), candidates were providing inappropriate subject line such as purchase of company assets.
- ii. No purpose, time, date and venue were included in the notice.
- iii. In some cases, only few elements of a notice were included.
- iv. Agenda items were presented as technical issues.
- v. Agenda items were explained instead of being listed.
- vi. The notice was presented in form of a business letter or a report (Generally the structure/format was wrong in most cases).
- vii. In 5(b), wrong answers were presented such as time management, taking minutes and use of correct language. Note taking techniques were presented in form of questions which were not appropriate.

QUESTION SIX

The general performance on this question was poor. Only 16 out of the 58 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 91.1%. The highest mark scored was 16 out of 20 while the lowest was 0.

Part (a) of Question Six required candidates to explain any five (5) reasons oral communication can be preferred to written communication while the part (b) required the candidates to explain five (5) types of non-verbal communication.

The common errors on this question were as follows:

- i. In 6(a) wrong content such as explanation on curriculum vitae, email, agenda, report and business letters that was not required on that question.
- ii. 6(b) some candidates defined signs and symbols, visual communication, electronic communication which was not required in this question.
- iii. Some candidates provided specific examples instead of classifying nonverbal communication as required by the question.
- iv. The candidates mixed up the explanation on the classified nonverbal communication.
- v. Most examples provided related to statistical data such as charts and graphs which was not the case

QUESTION SEVEN

The general performance on this question was good. 36 out of the 60 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 60%. The highest mark scored was 17 out of 20 while the lowest was 0.

Part (a) of question 7 required candidates to briefly explain the 7C's of communication while the second part required them to briefly explain what the concept Keep it short and simple mean.

The following errors were observed:

- i. 7(a)Failed to identify the 7C's and in some cases explanations about them were not provided.
- ii. The 7C's were presented in form of questions.
- iii. Wrong content was presented such as timeless, conducive, clearance, care, collection.
- iv. Some candidates mixed up the explanations on the 7C's.
- v. In 7(b), the KISS concept was defined as Knowledge, intention, style and structure.

OVERALL PERFORMANCE OF CANDIDATES:

- i. Highest mark obtained in this paper: 76%
- ii. Lowest score in this paper: 20%
- iii. Overall pass rate in this paper: 61.2%

SUBJECT: DA5 COST ACCOUNTING

QUESTION ONE

The general performance on this question was fair. 20 candidates out of the 49 that attempted it obtained 10 and above marks out of the 20 marks available. The pass recorded was 40.8%. The highest mark obtained was 14 out of 20 while the lowest was 2.

QUESTION TWO

The general performance on this question was poor. 13 candidates out of the 40 that attempted it obtained 10 and above marks out of the 20 marks available. The pass recorded was 32.5%. The highest mark obtained was 15 out of 20 while the lowest was 0.

The question was divided into two parts. Part (a) of the question was poorly answered because students failed to convert to days and this error was done nearly by everyone. The question required candidates to calculate the following inventory management ratios:

- (i) Inventory Re-Order Level
- (ii) Minimum Inventory Level
- (iii) Economic order Quantity
- (iv) Maximum Inventory Level

Some candidates could not even write the correct formula as a result lost easy marks which student could have maximized.

Part (b) was well attempted and candidates obtained maximum marks. Candidates were able to outline the limitations of the economic order quantity model (EOQ). However, some candidates were giving advantages instead of limitations.

QUESTION THREE

The general performance on this question was very poor. None of the 14 candidates that attempted it obtained 10 and above marks out of the 20 marks available. The pass recorded was 0%. The highest mark obtained was 9 out of 20 while the lowest was 0.

This question required candidates to prepare a mixing process account, a finishing process account, a normal loss account and an abnormal loss or gain account. The question was not very popular and those who avoided it went on to answer question six. The major difficulty faced by most candidates was the preparation of the equivalent units statement and the statement of evaluation. Future candidates should note that whenever there are opening and closing inventories with varying degrees of completion, the statements of equivalent units and evaluation should be prepared.

QUESTION FOUR

The general performance on this question was poor. Only 14 candidates out of the 44 that attempted it obtained 10 and above marks out of the 20 marks available. The pass recorded was 31.8%. The highest mark obtained was 17 out of 20 while the lowest was 0.

The question comprised two parts and was attempted by more than 80% of the candidates, most of them scoring at least half the total marks for the question.

Part (a) was on profit reporting using marginal costing and absorption costing. This was well attempted except the calculation of the over/under absorption of overheads which most of the candidates failed.

Part (b) was on the disadvantages of a standard costing system. Candidates had no idea about the disadvantages of a standard costing system and so performed poorly.

QUESTION FIVE:

The general performance on this question was fair. 24 candidates out of the 45 that attempted it obtained 10 and above marks out of the 20 marks available. The pass recorded was 53.3%. The highest mark obtained was 20 out of 20 while the lowest was 0.

This was a variance analysis question. Candidates were failing to identify standards hence performed poorly because of wrong standards. Also the computation of budgeted cost was problematic. Students are encouraged to make use of past examinations papers.

QUESTION SIX

The general performance on this question was poor. Only 12 candidates out of the 41 that attempted it obtained 10 and above marks out of the 20 marks available. The pass recorded was 29.2%. The highest mark obtained was 16 out of 20 while the lowest was 0.

The question required to calculate appropriate overhead absorption rates for each production department for 2020 as well as prepare a quotation for Job QZ1.

In part (a), majority of candidates did well with a few failing to identify the appropriate basis overhead absorption in each of the production departments.

In part(b), most of the candidates were leaving out the overheads in determining the cost of job hence giving a wrong quotation.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 68%
- ii. Lowest score in this paper: 14%
- iii. Overall pass rate in this paper: 24.5%

SUBJECT: DA6- BUSINESS LAW

QUESTION ONE

The general performance on the question was very good. 80 out of the 109 candidates that attempted this question obtained 10 and above of the 20 marks available. The highest was 18 while the lowest was 2 out of 20 marks. A pass rate of 73.4% was recorded.

QUESTION TWO

The general performance on the question was fair. 44 out of the 95 candidates that attempted this question obtained 10 and above of the 20 marks available. The highest was 19 out of 20 marks while the lowest score was 0. A pass rate of 46.3% was recorded.

The question had two parts from (a) and b). Part (a) required candidates to explain using facts that were provided for in the scenario whether Doreen Chanda would succeed if she elected to sue for negligence while part (b) required them to explain four duties of the Principal to an agent.

In part (a) the common mistake was that about 20% of the students did not understand that for a person to succeed in an action for negligence one must prove; duty of care, breach of duty of care and damage suffered. In the scenario Doreen Chanda did not suffer damage. Students thought Doreen may succeed without proof of damage.

In part (b), some candidates lost marks because they were writing the duties of an agent to the principal instead of doing vice versa. It is recommended that students read and understand the elements of the tort of negligence as well as the duties of the Principal to an agent.

QUESTION THREE

The general performance on the question was fair. 53 out of the 107 candidates that attempted this question obtained 10 and above of the 20 marks available. The highest was 18 while the lowest was 0 out of 20 marks. A pass rate of 49.5% was recorded.

The question had four parts, that is part (a), (b), (c) and (d). The observations were as follows:

- a) This part was based on discharge of contract. The main methods of discharge required was frustration and performance. Most students managed to deal with this question without any difficulty. About 95% managed to answer it correct. In future students should be encouraged to study the topic and appreciate the principles. It is strongly advised that future candidates should read and understand all forms of discharge under law of contract as there is always a question on this. About 85 % of students got the question correct.

- b) This part of the question was based on agency. Students were required to list four ways in which agency relationship arise. The performance on this question was not very good given that the question almost always comes in the exam. This topic from which the question came is equally well explained in the Zica manual. About 95 % of students attempted this part and the pass rate was above 80%. Future students are encouraged to read widely and avoid selective studying. They should appreciate the development of the law of agency.
- c) Most candidates answered this question correctly. Most of them were familiar with implied warranties under the Sale of Goods Act 1893. They were able to bring out the correct. The question required students to describe warranties. Future Students are encouraged to study this topic in full. About 90 % of students got this question correctly.
- d) This question was based on redundancy. Majority of candidates gave correct explanations. Students are encouraged to get accurate definitions from the Act and case law. 70 % of the students got the question correctly.

QUESTION FOUR

The general performance on the question was fair. 54 out of the 107 candidates that attempted this question obtained 10 and above of the 20 marks available. The highest was 17 while the lowest was 3 out of 20 marks. A pass rate of 50.5% was recorded.

QUESTION FIVE

The general performance on the question was fair. 11 out of the 20 candidates that attempted this question obtained 10 and above of the 20 marks available. The highest was 13 while the lowest was 1 out of 20 marks. A pass rate of 55% was recorded.

The question had two parts (a) and (b) and each had its own requirement as follows:

- a) Required students to explain how a partnership may be brought about and all the legal consequences of forming a partnership.
- b) Required students to differentiate between formal and informal control mechanisms in law.

The most common mistakes mainly in Part (a) where that about 10% of the students did not appreciate the requirements in the question. They instead focused on the sharing of profits as a basis upon which the questioned was curtailed. In Part (b) 35 to 40% of the students did not answer the question in line with the demands of the question they focused on informal law and formal law. But the question required focusing on control mechanisms of the law.

It is recommended that students should study to know more on law as a formal and informal control mechanism. Students should come to realise that law as a formal control mechanism creates institutions that enforce the law, as an informal control mechanism law gives the right of certain institutions to operate as non-governmental institutions that support government.

QUESTION SIX

The general performance on the question was fair. 52 out of the 102 candidates that attempted this question obtained 10 and above of the 20 marks available. The highest was 16 while the lowest was 3 out of 20 marks. A pass rate of 51% was recorded.

Question six had two parts (a) and (b) where (a) was in two parts that is, formation of a contract and termination of an offer whereas (b) was focusing on misrepresentation.

The performance under formation of a contract was good. The question was based on formation of a contract. The question was testing students' understanding of basic elements on formation of a contract. Future candidates are encouraged to address their minds to the topic in full and avoid relying too much on past papers as scenarios are not constant.

This was part (ii) of (a) which was based on termination of offer. It was a build-up to the part above. The part required students to explain how an offer comes to an end. Future students are encouraged to emulate their colleagues by adequately preparing for the examinations.

Part (b) of the question required candidates to explain three types of misrepresentation. Most candidates got this question correct. The question was well attempted.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 79%
- ii. Lowest score in this paper: 16%
- iii. Overall pass rate in this paper: 57.4%

SUBJECT: DA7 PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was excellent. 29 out of the 34 candidates that attempted it scored 10 and above marks out of 20. A pass rate of 85.3% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This was a multiple choice compulsory question and candidates scored very well.

QUESTION TWO

The general performance on the question was excellent. 27 out of 33 candidates that attempted it obtained 10 and above marks out of 20. The pass rate was 81.8%. The highest score out of 20 was 20, while the lowest was 2.

The question was about Roles of managers; Strategic management and Change Management. The performance by many students was above average as they were able to demonstrate knowledge of subject. The question had three parts:

Part (a) asked students to identify and briefly explain three (3) informational roles managers fulfil.

Part (b) asked candidates to differentiate the following in relation to strategic goals: Mission and Vision; as well as Goal and Objective.

Part (c) asked the candidates to list any three (3) external triggers of for change.

Majority of students got all the part correct. The question was well answered.

QUESTION THREE

The general performance on the question was fair. A pass rate of 40.7% was recorded from the 27 candidates that attempted the question. The highest mark scored was 15 while the lowest was 0 out of 20.

The question was about understanding job analysis; training; and Change management and had three parts:

Part (a) asked the candidates to describe the following outcomes of job analysis: i. job description ii. Job specification.

Part (b) asked the candidates to differentiate between on-the-job training and off-the-job training.

Part (c) required the candidates to list the eight (8) stages suggested by Kotter and Cohen for implementing large scale change.

Most candidates did well on parts (a) and (c), however, they seemed not to have read on Kotler and Cohen. Students need to read broadly the text manual and prepare adequately for the exam.

QUESTION FOUR

The general performance on the question was very good. 23 out of the 29 candidates that attempted it got 10 and above marks out of 20. The recorded pass rate was 79.3%. The highest mark scored was 20 while the lowest was 0.

This question was about motivation and training and development. The question had two (2) parts:

Part (a) asked the candidates to explain Maslow's Needs of Hierarchy Theory starting with the lower level to the higher level.

Part (b) asked the candidates to list four (4) skills that might be covered by training or education program. Secondly, that candidates explain the importance of performance evaluation.

The performance by many students was above average as they were able to demonstrate knowledge of subject.

QUESTION FIVE

The general performance on the question was good. 20 out of the 30 candidates that attempted the question obtained 10 and above marks out of 20. The pass rate was 66.7%. The highest mark scored was 20 while the lowest was 0.

The question had three parts. Part (a) asked the candidates to differentiate between incremental and transformational change.

Part (b) asked the candidates to explain why people resist change and also to identify eight (8) reasons why people resist change.

Part (c) asked the candidates to explain Kanter's seven (7) 'classic' skills that are useful for organizational leaders in the change management process.

Generally, the performance by many students was above average as they were able to demonstrate knowledge of subject. However, a good number struggled on part (c). A number would state leadership skills, negotiation skills and interpersonal skills, which were all not correct.

QUESTION SIX

The general performance on the question was very poor. Only 2 out of the 17 candidates that attempted it got 10 and above marks out of 20. A pass rate of 11.8% was recorded. The highest mark scored was 15 while the lowest was 0 out of 20.

This question was about Management Structures and organisational culture. The question had three parts. Part (a) required candidates to explain the key requirements of successful divisionalisation.

Most candidates unfortunately wrote about the advantages of divisionalisation instead of the key requirements. This question was there not understood well by the students.

Part (b) asked candidates to define delayering and explain its advantages

Delayering was not explained by most students and they failed to state the advantages. It appears they were not ready for this question.

Part (c) asked candidates to explain any three (3) examples of culture manifestation in organisations.

This part was also poorly answered by most candidates.

The performance by many students was below average as they were not able to demonstrate knowledge of subject.

OVERALL PERFORMANCE OF CANDIDATES:

- i. Highest mark obtained in this paper: 81%
- ii. Lowest score in this paper: 21%
- iii. Overall pass rate in this paper: 70.6%

SUBJECT: DA8 – FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was very good. 95 of the 133 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 71.4% was recorded. The lowest mark recorded was 1 while the highest was 24.

This was a 25 marks group accounts question. The question required candidates to prepare the consolidated statement of financial position for Papaya Group as at 31 December 2019.

Many candidates proportionated the computations in to half a year due to the fact the subsidiary was acquired mid-year. This affected almost all the calculations performed by the students. However, this was not supposed to be the case because the timing of acquisition only affects profit or loss not the statement of financial position. Candidates also included the issue costs and investment in associate as part of good will calculation. Intragroup transactions were poorly treated as most candidates were adding to receivables and payables instead of deducting. There were weaker candidates who had challenges in the group accounts presentations and could wrongly post NCI to non-current liabilities.

Future candidates are reminded to strictly follow the principles of consolidation to avoid making similar mistakes.

QUESTION TWO

The general performance on this question was poor. Only 38 out of the 135 candidates that attempted it got 13 and above marks out of 25, representing a 28.1% pass rate. The lowest mark recorded was 0 while the highest was 20 out of 25.

This question was on published financial statements and required candidates to prepare the statement of profit or loss and the statement of financial position with accompanying notes on various IFRSs that needed to be adjusted for. The general performance on this question was fair compared to previous sittings.

Candidates were unable to correctly account for performance obligations that were to be satisfied over three years hence recognized entire K60 million in the year under review. Correct computation for revenue required candidates to subtract the K40,000 of the K60,000 whose performance obligations were to be satisfied in the two years beyond the reporting date.

Few candidates were adding the entire K60 million to revenue and this was totally off what was required to be done. Others were subtracting the entire K60 million which was incorrect.

Further, candidates hardly recognized deferred income from the balance of K40 million divided into current liability (K20 million) and non-current liability (K20 million).

Another common mistake was on computation of current and non-current liability portions of the ROUA, including interest income as candidate could not correctly compute this as many of them applied the arrears method of instalment payment instead of the advance method hence using wrong figures for all financial statements items.

Future candidates are reminded to pay particular attention to pattern of rental payment, whether advance or arrears as this has impact on the extraction of correct amounts for the financial statements.

Further, few candidates depreciated the asset using 6 years, the useful life instead of the shorter of the two, that is lease term as the lease contract did not provide for an option to lessee to buy the plant at the end of the lease term. Had it been so, useful life would have been an appropriate basis to use to depreciate the plant.

In addition, most candidates failed to correctly account for the financial liability as they did not understand the fact that no interest was to be paid on the loan. This required no subtraction of any amount except adding effective interest in order to arrive at the carrying amount at the reporting date.

Lastly on this question, most candidates failed to appreciate the guidance in IAS 16 about items of PPE that get revalued downwards following previous revaluation upwards. Most candidates incorrectly took the entire revaluation loss to profit or loss while others unfortunately took it to other comprehensive income. What needed to be done was to reduce the reserve by the loss of 18.5 million and take the excess loss of K5 million to profit and loss.

QUESTION THREE

The general performance on the question was poor. Only 32 out of the 104 candidates that attempted this question obtained 13 and above of the 25 marks available. The highest was 23 out of 25 marks while the lowest was 0. A pass rate of 30.8% was recorded.

This was an optional question in section B that was based on ratios calculation and analysis of financial statements using a report. It was divided into two parts. Part (a) of the question required candidates to calculate the following 11 ratios in respect of Sky Black Ltd. for the two (2) years given. This first part of the question did not pose a serious challenge among candidates as most scored better from part (a) than part (b). However, few candidates were seen struggling with correct figure substitution in the formulae.

Future candidates are reminded to not only perform mastery of the formulae but practice correct substitution of items from the financial statements. This will enhance their performance undoubtedly.

Part (b) of the question required candidates to write a report which analysed the performance and position of Sky-Black limited over the two-year period. It was carrying 14 marks. The major weakness noted was inability of candidates to use background information of the company under review to explain certain movements in ratios. Mere mention of the facts such as 2019 ratio increased hence better performance compared to 2018 ratio was not sufficient to warrant the full marks for interpretation.

Another spotted weakness was one of not understanding comparator year principle, that is comparing current year performance in comparison to previous year performance. This led to candidates only stating the year when performance was better.

Additionally, few candidates wasted their precious time by emphasizing number movements only in their interpretation, which were already written down in the answer to part (a).

Future candidates are reminded to concentrate more on the reasons for the movements especially taking into account background information. That way, more marks are scored that the repetitive behaviour of stating the same numbers severally.

QUESTION FOUR

The general performance on the question was very poor. Only 1 out of the 40 candidates that attempted this question obtained 13 and above of the 25 marks available. The highest was 15 out of 25 marks while the lowest was 0. A pass rate of 2.5% was recorded.

Part (a) required candidates to explain how the financial instrument in the scenario needed to be accounted for in the financial statements for the year ended 31 December 2019 according to IFRS 9.

None of the candidates that attempted question four (4) got part (a) correct. Candidates were lost. A few accounted for it as a liability.

Future candidates are reminded to thoroughly study IFRS 9 financial instruments and master the principles of accounting for various financial instruments.

Part (b) required candidates to explain the difference between adjusting event and non-adjusting event and discuss how the situations in scenario provided were to be accounted for in the financial statements for the year ended 31 December 2019 according to IAS 10.

Most candidates were able to differentiate between the adjusting and non-adjusting events as well as giving examples. However, candidates had challenges identifying the two scenarios as adjusting or non-adjusting as they were swapped. Few candidates correctly identified the type of events they were. Future candidates are reminded to take mastery of such basic standards.

Part (c) required candidates to explain how the contract in the scenario was to be accounted for in the financial statements for the year ended 31 December 2019 according to IFRS 15. The students had challenges in determining the revenue from the contraction contract as well as the cost incurred to determine the cost of sales as well as the profit. Most important, very few could ascertain the amounts receivable and contract asset correctly. These are basic requirements of IFRS 15 that future candidates are reminded to keep up with.

QUESTION FIVE

The general performance on the question was also very poor. Only 12 out of the 99 candidates that attempted this question obtained 13 and above of the 25 marks available. The highest was 22 out of 25 marks and lowest was 1. A pass rate of 12.1% was recorded.

This was an optional question in section (B) and the most infamous one of all. This question was based on three different areas namely; regulatory framework, IAS 37 and IFRS 5. Part (a) of the question had three parts as follows:

- (i) Explain three (3) major functions of the International Financial Reporting Standards Foundation.
- (ii) Explain four (4) major objectives of the International Accounting Standards Board.
- (iii) Explain the four (4) steps involved in the formulation of an International Financial Reporting Standard.

Question (a) and part (i) and (ii) was misunderstood by most candidates as some were giving the objectives of IASB as the functions of the IFRS board. Hence could not get the necessary marks. A good number were playing the guess work game, showing a lot of ignorance and hence could not get the desired marks.

Part iii required students to explain the 4 steps involved in the formulation of an International Financial Reporting Standard. The performance on this was poor, students showed lack of understating.

Part (b) of this question on IAS 37 provisions, contingent liabilities and contingent assets required candidates to explain the difference in accounting treatment between a provision and a contingent liability. It was surprising that most candidates expressed ignorance on this matter.

The message is not changing to future candidates. Ensure that you can understand the basic principles of recognition, measurement initially and subsequently on each standard. This will help you deal with such questions.

The second part required candidates explain the two (2) types of obligations which can give rise to provision. This was so poorly done by most candidates.

Part (c) required candidates to list any three (3) conditions which should be met for an asset to be classified as held for sale. Part (c) was well done by most students.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 69%
- ii. Average in this paper: 08%
- iii. Overall pass rate in this paper: 27.2%

SUBJECT: DA9 MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Only 41 out of the 185 candidates that attempted this question obtained 13 and above of the 25 marks available. The highest was 25 out of 25 marks while the lowest was 0. A pass rate of 22.2% was recorded.

This question was a compulsory questions and had part A and part B

- (a) This part required candidates to calculate the budget cost allowance for each of the cost items. This part was poorly answered as candidates did not know what to calculate and only one candidate answered this part of the question correct.

- (b) This part of the question required candidates to prepare the flexible budget, including variances for Mano Ltd for the year ending 31 December 2019 after correcting for the miscoding of the invoice. This part was equally poorly answered and candidates seem to have been confused the requirement of A and part b while this party of the question was easy no candidate obtained maximum marks as one would expect. Candidates were using original budgets against actual budget and this part had substantial marks.

Candidates were also expected to explain how a rolling budget works, the situations in which it is applicable and its advantages. This part of the question was well answered and almost all candidates scored high marks.

QUESTION TWO

The general performance on the question was poor. Only 60 out of the 186 candidates that attempted this question obtained 13 and above of the 25 marks available. The highest was 22 while the lowest was 0 out of 25 marks. A pass rate of 32.3% was recorded.

This required the candidates to do the following:

- (a) Calculate the expected profit for the budget year.
- (b) Based on the forecast activity for the year, calculate;
 - (i) The breakeven point in packets of biscuits.
 - (ii) The margin of safety in percentage terms.
 - (iii) The sales revenue required to earn a profit of K1,440,000.
- (c) For each of the three options above, calculate Profit and Breakeven packets of biscuit. Recommend which option, if any, the company should adopt giving reasons for your answer.

(d) State the five (5) assumptions of breakeven analysis.

In part (a), it was a common error for students to vary some costs based on the volume. In part (b), 800,000 packets of biscuit were being used instead of 720,000 hence wrong answers. In part (c), candidates had challenges in making adjustments on the basis of the options and in most instances failed to make a recommendation. In part (d), students were restating the assumptions hence failing to score maximum marks.

QUESTION THREE

The general performance on the question was poor. Only 29 out of the 123 candidates that attempted it obtained 13 and above of the 25 marks available. The highest mark recorded was 23 while the lowest was 0 out of 25 marks. A pass rate of 23.6% was recorded.

The question was divided into two parts. In part (a), This question required candidates to calculate:

- (i) Sales price and sales volume contribution variances
- (ii) Sales mix and sales quantity contribution variances
- (iii) Materials price planning and operational variances

In part (b)(i), an explanation of the reasons why a company would be interested in material price planning variances and materials price operational variances.

In part (b)(ii) an explanation of any two arguments for the use of traditional absorption costing rather than marginal costing for profit reporting and inventory valuation. About more than 50% of the candidates went for this question.

Part (a) was reasonably well attempted. Those who did badly valued sales volume variances at selling prices instead of using the contribution per unit. A good number of candidates could not calculate the price planning and operational variances correctly.

Part (b) (i) was generally poorly attempted. Most candidates gave reasons for variances. The issue of controllability should have been brought out.

Part (b) (ii) was very poorly answered. Differences between absorption and marginal costing were given. The question was very clear: explain two arguments for the use of absorption costing for profit reporting and inventory valuation.

QUESTION FOUR

The general performance on the question was poor. Only 42 out of the 113 candidates that attempted it obtained 13 and above of the 25 marks available. The

highest mark recorded was 21 while the lowest was 0 out of 25 marks. A pass rate of 30% was recorded.

This is a discursive question. The quality of the scripts was very disappointing as most candidates showed less knowledge on issues raised in the question. Candidates should be aware that knowledge dumping does not help them to pass.

QUESTION FIVE

The general performance on the question was very poor. Only 17 out of the 113 candidates that attempted it obtained 13 and above of the 25 marks available. The highest mark recorded was 23 while the lowest was 0 out of 25 marks. A pass rate of 15% was recorded.

The question comprised two parts. Part(a) was on inventory control. Candidates were supposed to assess the effect on total cost of ordering and holding inventory of a change in the re-order quantity and recommend appropriately. They also needed to discuss the assumptions underlying the EOQ.

It was observed that candidates used annual demand for the product (50,000 units) instead of annual demand for the material($50,000 \times 5 = 250,000$ kg)

Majority could not calculate the total cost under the existing re-order system and EOQ re-order system. Candidates appeared to have had no idea about the assumptions of EOQ.

Part (b) required brief explanation of some terms. This part was relatively well done.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 75%
- ii. Lowest score in this paper: 02%
- iii. Overall pass rate in this paper: 26.2%

SUBJECT: DA10 TAXATION

QUESTION ONE

The general performance on this question was fair. 27 candidates out of the 57 candidates that attempted the question passed the question, representing a pass rate of 47.4%. The highest mark recorded was 23 while the lowest was 0 out of 25 marks.

The question examined taxation of companies. In part (a) candidates were asked calculate the maximum capital allowances claimable that the Company.

The general performance on this part of the question was poor. The most common weaknesses demonstrated by candidates in answering this part of the question included:

- i. Forgetting to use the Value Added Tax exclusive costs when calculating the capital allowances on the assets given that the assets in the question were stated at their VAT inclusive costs.
- ii. Using the wrongs rates to compute the available wear and tear allowances
- iii. Failure to determine the expenditure qualifying for industrial buildings allowances.
- iv. Failure to compute the correct wear and tear allowances on the buildings.

Part (b) asked candidates to compute the tax adjusted business profits for the company and was reasonably well answered with the exception of a few candidates who faced difficulties in identifying disallowable expenditure which needed to added back to the profit before tax as per accounts in computing the taxable profits.

Consequently, in part (c) a number of candidates failed to compute the amount of company income tax payable by the company. The most common weaknesses included:

- i. Failing to include the grossed-up amount of investment income received by the company, on which WHT is not final in the company income tax computation when computing the total taxable income.
- ii. Forgetting to deduct a discount of 2% from the company income tax rate given that the company listed its shares on the LuSE during the year more than a third of the shares of the company are held by indigenous Zambians
- iii. Forgetting to deduct a further discount of 5% given that more than a third of the shares of the company were issued to indigenous Zambians during the year.

QUESTION TWO

The general performance on this question was poor. Only 11 out of the 54 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. A pass rate of 20.4% was recorded. The highest mark recorded was 20vwhile the lowest was 0 out of 25.

This question examined taxation of partnerships. Part (a) asked candidates to explain the tax implications of interest received from a fixed deposit account for the tax payer. A number of candidates gave the wrong rate of WHT of 15%, instead of the correct rate of 0% which applies to fixed deposit interest for individuals.

In part (b) candidates were asked to calculate the taxable profits for each partner for the charge year 2020 clearly showing the workings of the profits for each of the two partnership periods and sharing of profits. Although, most candidates managed to compute the correct amounts the taxable profits from both businesses, they faced challenges on the apportioning and sharing of profits from the two businesses to each of the two partners. The most common weaknesses included forgetting to allocate salaries to each partner and charging interest on drawings against each partners allocation before sharing the balance of profits amongst the partners.

QUESTION THREE

The general performance on this question very good. 41 out of the 52 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. A pass rate of 78.8% was recorded. The highest mark recorded was 23 while the lowest was 0 out of 25.

This comprised three part examining question had three (3) parts examining taxation of sole traders and the operation of the Zambian Tax system. In part (a) (i) candidates asked candidates, to calculate the maximum capital allowances to be claimed by the tax payer for the tax year 2020 and was generally well answered with the exception of a few candidates who used the wrong rates to compute the wear and tear allowances claimable.

Part (a) (ii) which required candidates to calculate the income tax payable by the tax payer was equally well answered with the exception of a few candidates who had challenges in identifying disallowable expenditure which needed to be added to the net profit in computing taxable profits.

Most candidates managed to provide fairly good answers for part (b) which asked them to explain the circumstances under which a company and an individual can be held to be resident in Zambia for income tax purposes.

In part (c) candidates were asked to explain any four (4) sources of revenue for the central government apart from taxation. Most of the candidates performed very well except a few of them who had problems in recalling the other sources the government raises revenue other than from tax.

QUESTION FOUR

The general performance on this question was fair. 13 out of the 25 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. A

pass rate of 75.8% was recorded. The highest mark recorded was 21 while the lowest was 1 out of 25.

This question was reasonably well answered and comprised three parts examining property transfer tax taxation, ethical issues in tax practice and the badges of trade.

In part (a) candidates were required to define Property for property transfer tax purposes in accordance with Transfer Act, CAP 340 and explain how the realized value of property was determined. The performance on this part was quite good as most candidates were able to provide the required explanations.

In part (b), candidates were required to explain five (5) fundamental principles of the code of ethics apply in the provision of tax services. A number of candidates were able to state the fundamental principles but failed to explain them fully and, in some cases, confused the principle of integrity with objectivity.

Part (c) required candidates to explain five (5) relevant factors that would help the ZRA to determine whether the tax payer was carrying on a trade and therefore liable to pay income tax and was fairly well answered by most candidates with the exception of a few candidates who failed to relate the badges of trade to the scenario.

QUESTION FIVE

The general performance on this question was fair. 16 out of the 38 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. A pass rate of 42.1% was recorded. The highest mark recorded was 21 while the lowest was 2 out of 25.

This question comprised two parts examining customs & excise duty and Value Added tax (VAT). Part (a) (i) which asked candidates to calculate the Value for Duty Purposes of the vehicle and the total import taxes paid by the tax payer on the importation of the vehicle was generally well answered. However, a few candidates lost marks because they used the wrong tax tables for customs and excise duties on new motor vehicles instead of the tax table for used motor vehicles.

Part (a) (ii) required candidates to explain the role of the customs service's division of the Zambia Revenue Authority and was also fairly well answered with the exception of a few candidates who provided the general roles of Zambia revenue Authority (ZRA) as opposed to those roles specific to the Customs Services Division as required by the question.

In part (b) (i) candidates were asked to calculate the amount of VAT payable by a company for the month of August 2020. A number of candidates lost marks by failing to calculate the correct figures for output VAT and input VAT. The mistakes were failing to distinguish between figures inclusive of VAT and those exclusive of VAT. Some candidates additionally calculated input tax on expenses which are not

claimable for input tax such as entertainment expenses, petrol and Non-commercial vehicles etc.

In part (b) (ii) candidates were asked to explain three (3) advantages and two (2) disadvantages of voluntary registration for VAT purposes. A number of candidates demonstrated a lack of knowledge of this aspect of VAT and therefore failed to provide the required explanations.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 71%
- ii. Lowest score in this paper: 17%
- iii. Overall pass rate in this paper: 71.9%

SUBJECT: DA 11 PRINCIPLES OF AUDITING.

QUESTION ONE

The general performance on this question was very poor. Only 10 out of the 114 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 19 while the lowest was 0 out of 25. The pass rate was 8.8%.

The question was divided into four parts. In part (a)(i), candidates were required to explain the objectives of an assurance engagement. The expected answer was that the aim of an audit is to enable the auditor to express an opinion on the financial statements, whether in all material respects, show a true and fair value in accordance with an applicable financial reporting framework. Most candidates got this question correct. However a few still do not understand the objective of an assurance engagement and stated that the aim was to find errors or detect fraud.

The part (a) (ii) requirement was about explaining the importance of auditors communicating with those charged with governance. Most candidates explain their answer in general when the standard in relation to communication is precise. Most answers indicated that auditors need to explain to management about fraud and issue a modified opinion. Others simply stated that auditors need to explain weaknesses in the system without being specific. The question was about the importance and not the matters.

Part (b) of the question required candidates to explain the concept of leadership, effectiveness and efficiency in relation to corporate governance. Most candidates explained the meaning of the three concepts such as leadership is required by management and they should lead by example. Again not answering the question asked made a lot candidates to lose marks. This indicates that most candidates want to answer the questions in a more general way than being specific in the context of the question.

The performance on part (c) was good. Candidates were required to explain the meaning of significant risks as well as explain the specific factors that indicate the presence of specific risks. Bad performance was noted on the part of explaining specific factors that indicate presence of specific risks as students failed to provide clear explanations. Others did not use the scenario to pick the significant risks. Instead wrong answers went on to explain the components of audit risks which was not asked for.

Part (d) of the question had asked candidates to explain six (6) internal controls that are expected in inventory and sales system of Kafco Ltd. A few candidates got the question correct. However, majority got it wrong. This is because they failed to use the information from the scenario as required. They ended up explain internal controls as preventative measures in a general way. This earned such candidates very few marks indeed.

QUESTION TWO

The general performance on this question was very poor. Only 12 out of the 114 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 16 while the lowest was 0 out of 25. The pass rate was 10.5%.

The question was divided into parts (a) and (b). Part (a) required candidates to explain the responsibilities of the auditors regarding the uncorrected misstatements as part of overall evaluation and finalization of an audit. Some of the wrong answers stated that auditors should observe management work in relation to errors while others just stated that auditors should identify weaknesses in internal controls. This is a specific area and only candidates who studied ISA 540 correct answers. This is evidence that most of the students want to pick topics as favourite for study instead of covering the entire syllabus.

Part (b) had (i), (ii) and (iii) sub requirements. The first part required candidate to state the advantages and disadvantages of outsourcing audit services. Most of the candidates who answered this part of the syllabus got correct answers.

In the second part, candidates were required to explain four (4) generalizations that will help the auditors assess the reliability and quality of audit evidence. Those who have studied this part of the audit evidence realized that the answers have to do with the sources of evidence such as external, internal, original and written just to mention a few. Except for a few who got this part correct. Most of the candidates stated audit procedures that are used to verify assertions while other mentioned the methods used by auditors to gather audit evidence.

The last part of question required candidates to explain directional resting and how it can be applied during the audit of Zambezi Ltd. The common ideas around dabble entry could have earned some marks to most candidates at this point. Despite the formal definition existing in the books, just the application of double entry and how it applies to substantiate amounts recorded using double entry was going to be enough.

QUESTION THREE

The general performance on this question was excellent. 93 out of 106 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 24 while the lowest was 2 out of 25. The pass rate was 68.1%.

Part (a) of the question required candidates to use two examples to explain any two (2) types of external confirmations that can be used to obtain audit evidence on receivables. Candidates are expected to know that, external confirmations are a common way of obtaining, providing and comparing information that management provided to the auditors and the information that customers and suppliers have. The

emphasis was on explaining examples of external and not on positive and negative confirmation such as banks and supplier confirmations.

Part (b) of the question had four sub requirements. Part (i) required candidates to identify any seven (7) strengths in the internal controls of the services and repair systems of Lunsemfwa Ltd. Most of the strengths were easy to identify in the system in that they were easily visible such as approvals of requisitions for repairs.

Part (ii) required candidates to explain importance of having the nomination, remuneration, and risk committee on the board of directors of Lunsemfwa Ltd. A good number of candidates just mentioned these in general without using linking the mentioned committees to the board of directors for Lunsemfwa Ltd and ended up scoring very few marks.

Part (iii) required candidates to explain five (5) factors auditors consider when concluding that financial statements are free from material misstatements. This was poorly answered and those who attempted simply explained that the other factors such as segregation of duties and to check accounting standards while others mentioned components of internal controls which were irrelevant to the question.

In part (iv), candidates were required to explain the difference between an interim and a final audit, giving one audit procedure that can take place at each audit stage. A good number of candidates came up with the differences but failed to come up with examples of audit procedures that take place at each stage. This led to a number of them scoring fewer marks than what was expected.

QUESTION FOUR

The general performance on this question was poor. Only 39 out of 100 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 23 while the lowest was 0 out of 25. The pass rate was 39%.

This question had requirements ranging from (a) to (e). Part (a) required candidates to explain three (3) components of audit risk using information from North Western Ltd. Despite the question clearly mentioning that using information from North Western Ltd, the majority went on to explain the components of internal controls from the text book without any connection from the scenario and ended up losing marks.

In part (b), candidates were required to explain three (3) weaknesses in the receivables system of Northern Western Ltd. A good number did identify the weaknesses in this part but failed to do the same in (a) above.

Part (c) of the question required candidates to state three (3) methods of obtaining audit evidence from North Western Ltd. Most candidates got this part of the question right as all that was required is stating Inquires, observations and inspections and confirmations.

Part (d) required candidates to suggest audit procedures to be undertaken on the receivables balance of K13 million in the financial statements of North Western Ltd. Since the audit evidence concerned involved an amount of K13 million, candidates were expected to use assertions as a guide such as confirmation, accuracy as examples. For instance for accuracy, the procedure of recalculation could be appropriate as well as confirmation. However most of the candidates just explained assertions without coming up with an audit procedure. This part of auditing has been problematic for most candidates and yet this is the one of the most important tasks in auditing as a means to verify audit evidence as presented in the financial statements.

The last part of the question required candidates to explain (5) matters that auditors should consider during an overall review of compliance with regulations. The matters that should have been considered are compliance with local statutes, accounting policies and applicable accounting standards. Instead of explaining issues concerning the law and regulations, majority tried but failed to relate the compliance to reviews that are conducted just before audit reports are finalized.

QUESTION FIVE

The general performance on this question was fair. 11 out of 22 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 21 while the lowest was 2 out of 25. The pass rate was 50%.

The question was divided into parts (a), (b), (c) and (d). The first part required candidates to explain factors that external auditors consider to determine an appropriate benchmark of materiality. Instead of focusing on factors such as elements of financial statements and nature of the entity, industry, most candidates gave wrong answers such as performance materiality and materiality to the financial statements as a whole. Others interpreted the question in terms of materiality benchmarks which were not asked for.

The second part of question required candidates to explain five (5) elements of a control environment. The elements are well explained in the DA 11 text book. A few of them got the question right but others lost out as they explained the elements of internal controls that included control environment itself which was wrong.

In part (c) (i), candidates were asked to explain the importance of a cut off in relation to inventory valuation. A good number of candidates did not realize that cut-off is an assertion relating date when financial statements are prepared. Instead of concentrating on the importance, wrong answers simply defined cut-off which was not asked for.

The second part of (c) required candidates to suggest the audit procedures on cut off of inventory. Some candidates lost marks because they included recalculations and inspections which were not appropriate. Candidates should realize that not every audit procedure can go with just any assertions.

Part (iii) of (c) required candidates to explain five (5) audit procedures to be used in cases where the client maintains perpetual inventory count. Because most candidates failed to identify audit procedures in (b) above, they once again failed to identify the audit procedures for audit of perpetual inventory count. Instead they generally explained procedures for periodical stock taking such as attend inventory count for whole period the audit had taken place.

Part (d) required candidate's to explain four (4) examples of items that can be reviewed using analytical procedures during the review and final stages of the audit. What is expected to be analysed is information such as important ratios, price and mix changes, and wages changes to name a few. However most candidates defined agnatical reviews and scored low marks.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 81%
- ii. Lowest score in this paper: 01%
- iii. Overall pass rate in this paper: 46.4%

SUBJECT: DA 12 CORPORATE AND GOVERNANCE LAW

QUESTION ONE

The general performance on this question was good. 51 out of 76 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 22 while the lowest was 3 out of 25. The pass rate was 67.1%.

The question was divided into three parts. Part (a) of question 1 was attempted under Section A by all candidates. Most candidates who answered this question performed quite well though others struggled with mere understanding of corporate governance. This is an indication that the candidates are somehow not quite familiar with tenets of corporate governance or they do not fully address their mind to it. The question only needed students to explain any five elements of corporate governance.

In future candidates should be encouraged to read thoroughly and do a lot of revision.

Part (b) required students to explain any 5 distinctions between unlimited company and a partnership. The easy way of answering such a question is by way of a table format. It was easy for students who drew up a table to draw distinctions with ease and earn full marks.

In future candidates are encouraged to read all topics and practice more often past papers and make use of the Zica manual as all exams are derived from it.

In part (c), candidates were required to appreciate dissolution by striking off. Most of the candidates got the answers correct in this question.

In future candidates are encouraged to read further and appreciate the concept of dissolution of companies as it is always in the examination in a different format.

QUESTION TWO

The general performance on this question was very poor. Only 13 out of 75 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. A pass rate 17.3% was recorded. The highest mark recorded was 22 while the lowest was 4 out of 25.

This question was attempted by all candidates as it was compulsory question. All candidates did very well. The question was divided into three parts. Under part (a) on the procedure for registering a business name. Candidates who performed well were able to outline the procedure properly to be followed when registering a business name. The ones who did not do well were laying down the procedure for registering a company instead of a business name. Going forward candidates are advised to know the contents of each business entity very well.

In part (b) three quarters of the candidates managed to cite examples of each class of stakeholders. The few who did do well correctly identified the different classes of stakeholders. Students are advised to study all topics very well.

The last part (c) was on definitions of debenture, dividend, and floating charge well. The few who did not manage did not manage to define them well. Going forward students must spend enough time studying the topic.

QUESTION THREE

The general performance on this question was fair. 16 out of the 30 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 25 while the lowest was 4 out of 25. The pass rate was 53.3%.

In part (a) half the candidates who attempted the question managed to identify the characteristics of an incorporated company, while the other half only managed to refer to one or two characteristics. Under part (b) the performance was poor, only a few candidates were able to explain the nature of a company's constitution. The rest were giving answers out of general knowledge.

Under part (c), over most candidates [performed well as they were able to identify the concepts of corporate governance and this is where most of them scored high marks.

Going forward, candidates must spend sufficient time studying each topic and avoid using general knowledge when answering questions, they must always refer to the manuals which have academic information.

QUESTION FOUR

The general performance on this question was very good. 42 out of 56 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 23 while the lowest was 7 out of 25. The pass rate was 75%.

Part (a) of the question required candidates to explain the feature of a company that was highlighted in this case while part (b) required them to explain the statement, 'the company's. Part (c) required them to explain any five (5) the concepts of good corporate governance.

The performance was impressive, a sign that students understands different types of business associations. However, a few got mixed up, they were literally mixing up answers which is a symptom of last minute study. Other students could not remember more than 3 types of associations which invariably affected their marks. Future candidates are encouraged to study and prepare for exams on time.

QUESTION FIVE

The general performance on this question was poor. Only 26 out of 66 candidates that attempted it obtained 13 marks and above out of the total 25 marks available. The highest mark recorded was 23 while the lowest was 2 out of 25. The pass rate was 39.4%.

The question had seven parts (i) to (vii) as follows:

Explain the meaning of capital, nominal capital, subscribed capital, issued and unissued capital, share, charge and preference shares

It should be noted that there were quite few mistakes observed; wrong definition of a share where some students thought a share is a sum of money. Secondly, on a charge, most of students who got this meaning wrong mistook it for a crime charged on a company and lastly on preference shares. Majority that got this wrong thought such shares are only sold to the public on a stock exchange market and failed to realise that a private company limited by shares may also issue preference shares.

It is recommended that students read more on charges and shares and they should know that a share is not a sum of money but rather an interest of a shareholder measured by a sum of money.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 70%
- ii. Lowest score in this paper: 04%
- iii. Overall pass rate in this paper: 62.7%