



**DECEMBER 2020 EXAMINATIONS**

**CHIEF EXAMINERS' REPORT**

**CA ZAMBIA**

## **SUBJECT: CA 1.1 Financial Accounting.**

### **QUESTION ONE**

The general performance on this question was good. 45 out of the 73 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 61.6%. The lowest score was 4 while the highest 20 marks out of 20.

What the question required candidates to do:

This question is composed of ten multiple choice questions of two marks each from the entire syllabus.

The most common mistakes made by the candidates:

Poor performance arises from failure to cover the entire syllabus adequately and lack of time management.

### **QUESTION TWO**

The general performance on this question was excellent. 49 out of the 57 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 85.9%. The lowest score was 3 while the highest 20 marks out of 20.

What the question required candidates to do:

The question required candidates to prepare a statement of profit or loss and other comprehensive income and statement of financial position for a company. This question was answered very well and some of the candidates had full mark and the part (b) was also done very well though few candidates were not able to deal with some technical issues very well.

The most common mistakes made by the candidates on each part of the question:  
Common mistakes included the following:

- (i) Swapped sales returns and purchases returns. Candidates must know that sales returns and purchases returns have debit and credit balances respectively.
- (ii) Showed bank overdraft under current assets.

- (iii) Expensed ordinary dividends paid in the statement of profit or loss. Ordinary dividends paid is an appropriation item, therefore should be charged directly to equity (retained earnings). Further, proposed dividends should only be disclosed in the notes to the financial statements.
- (iv) Omitted credit sales invoices amounting to K1 million. The correct treatment should have been to credit sales and debit receivables.
- (v) Included suspense account under equity.

### QUESTION THREE

The general performance on this question was good. 22 out of the 39 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 56.4%. The lowest score was 1 while the highest 19 marks out of 20.

What the question required candidates to do:

The question was on partnership business and had three (3) parts.

The part (a) of the question asked candidates to calculate the profit or loss to be shared by partners for periods before and after the revision of terms in the Profit Sharing Agreement.

Part (b) asked candidates to calculate the total profit appropriations to each partner; and

Part (c) asked the candidates to Prepare the Current Accounts for the partners.

The general performance on this question was fair and candidates scored reasonably well.

The most common mistakes made by the candidates on each part of the question:

Part (a) was misconstrued by most of students, they ended up providing the same answer for part (a) and part (b). the correct answer should have computed as follows:

#### 1. Calculation of Profit to be shared by partners:

Net Profit per draft accounts		325,000
Interest received		15,000
Bank Charges	<u>(1,680)</u>	
Adjusted net Profit		<u>338,320</u>

#### 2. Splitting profit between the first nine months and the last three months:

First 9 months 338,320 x 9/12	253,740
Second 3 months 338,3320 x 3/12	84,580

In part (b) the following errors were made:

- i) Candidates did not time apportion the interest on drawings and new capital which was introduced during the year. These attracted principle marks for transferring them correctly to part (c).
- ii) Candidates applied the same percentage on capital and drawings of 8% and 3% respectively, before and after revised the profit sharing agreement.

Partnership is highly examined under CA 1.1. Therefore, Both Lecturers and candidates are advised to spend enough time on this topic for the sake of future examinations.

#### **QUESTION FOUR**

The general performance on this question was poor. 12 out of the 37 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 32.4%. The lowest score was 1 while the highest 20 marks out of 20.

What the question required candidates to do:

The question required candidates to state the purpose of maintaining control accounts and to reconcile the Receivables Control Account to the corresponding total of individual balances in the Receivables ledger.

Further the question required candidates to state the purpose of bank reconciliation and to prepare an updated cashbook bank balance, after which a bank reconciliation would be prepared, starting with the bank statement closing balance.

The most common mistakes made by the candidates on each part of the question:

Answers to this question revealed a poor understanding of the concept of double entry. Correct figure on each side were mixed with incorrect figure, both in the Control Account and the Receivables Ledger Listing update. A reasonable number of candidates stated correctly the purpose of maintaining control accounts.

The updated cash book and the bank reconciliation exhibited the same weakness: a number of students did not apply the rules of double entry reasonably well. The mixture of figures in both accounts show that students just guessed where to put them.

Brackets to subtract figures were put on wrong amounts. It is important that students understand the logical processes in preparing accounts and the reports that arise from them. Starting the bank reconciliation with the bank statement balance required that the reverse logic be applied by adding deposits not credited because they increase the balance on the bank statement, and subtracting unpresented cheques, which is the opposite of what is done when the updated cash book balance is the starting figure when preparing the bank reconciliation statement.

Most candidates stated correctly the purpose of preparing a bank reconciliation statement. Overall performance on this question was poor.

### **QUESTION FIVE**

The general performance on this question was good. 18 out of the 30 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 60%. The lowest score was 2 while the highest 20 marks out of 20.

What the question required candidates to do:

The question required candidates to prepare a set of financial statements for a non-profit making organisation. The exercise required candidates to prepare a separate profit statement for a secondary activity (a restaurant) that was run with a profit objective.

The most common mistakes made by the candidates on each part of the question:

Majority of candidates failed to calculate the opening accumulated fund because they used original cost for non-current assets instead of carrying amounts. The income statement for the restaurant was not prepared separately, possibly because students had not mastered how to distinguish activities for the main purpose that the club exists for, and activities for secondary objectives. Candidates failed to calculate cost of sales from the payables account linking it to the inventory account. The process should have been mastered by practicing questions before coming to the exam.

Accruals using the mathematical presentation were poorly handled for subscriptions, rent and electricity accounts. Amounts that should have been added were deducted from the cash paid or received. Candidates who prepared T-accounts arrived and the

income earned on the subscription account and expenses incurred on the electricity and rent accounts correctly.

Candidates prepared the statement of financial position reasonably well as it required the use of familiar figures and a standard format. Overall performance on this question was good.

## **QUESTION SIX**

The general performance on this question was good. 33 out of the 54 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 61%. The lowest score was 1 while the highest 20 marks out of 20.

What the question required candidates to do:

The question required candidates to define elements of financial statements, and state benefits of financial statements to users. The question also required candidates to state objectives of preparing a trial balance and describe advantages and disadvantages of a limited liability company.

The most common mistakes made by the candidates on each part of the question:

Most candidates described elements of financial statements in general terms instead of quoting or borrowing terms from the definitions found in the *Conceptual Framework*.

Again candidates stated general benefits of financial statements instead of discussing specific benefits that accrue to identified users such as lenders, employees, the public, the shareholder and investment analysts and trade connections (customers and suppliers). Most candidates stated correctly objectives of preparing a trial balance, and the advantages and disadvantages of a limited liability company. A number of candidates got mixed up on whether to state limited liability as an advantage or as a disadvantage. The principle to remember is what an advantage to the company is will invariably be a disadvantage to the shareholder.

Overall, performance on this question was good.

## **Overall performance of candidates**

- a. Highest mark obtained in this paper: 96%
- b. Lowest mark obtained in this paper: 17%
- c. Overall pass rate in this paper: 67.8%

## **SUBJECT: CA 1.2 BUSINESS STATISTICS**

### **QUESTION ONE**

The general performance on this question was poor. 22 out of the 71 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 30.9%. The lowest score was 0 while the highest 12 marks out of 20.

Question one was a compulsory multiple choice question which required candidates to solve short problems.

### **QUESTION TWO**

The general performance on this question was not good. 30 out of the 68 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 44.1%. The lowest score was 0 while the highest 20 marks out of 20.

In part a; Candidates were required to solve for the mean, standard deviation, mode and median of grouped data. Most candidates managed to solve the question correctly, further some even used the graphical method to find mode and median.

Part b; this part comprised of a statement which summarized information involving random numbers and probabilities. Candidates were required to formulate a probability distribution table and then find the mean and standard deviation of the data. It was observed that most candidates were able to formulate the table but not everyone managed to find the mean and deviation due to use of wrong formulae.

### **QUESTION THREE**

The general performance on this question was poor. 8 out of the 42 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 19%. The lowest score was 1 while the highest 14 marks out of 20.

Part a; the question required candidates to use the given data to calculate correlations. Most candidates managed to calculate the correlation correctly as they demonstrated strong knowledge in the topic.

Part b; required candidates to use basic probability rules to calculate various probabilities on information given about ability of boys and girls to use musical



instruments. It was observed that most candidates were mixing up various rules of probabilities hence only 40% of candidates who attempted this question were able to successfully solve it. The general performance was average.

#### **QUESTION FOUR**

The general performance on this question was good. 28 out of the 54 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 51.8%. The lowest score was 0 while the highest 20 marks out of 20.

Part a, involved the use of Normal distribution probability method to find required probabilities. Most of the candidates managed to obtain the required results and were able to read tables correctly. The few who failed to get correct results were making errors in reading probabilities from the Z-tables.

Part b involved the use of the time series method to obtain a four year moving average trend values. Most candidates managed to solve this part correctly but the few who failed were observed to make errors in summations and average calculations.

#### **QUESTION FIVE**

The general performance on this question was poor. 17 out of the 59 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 28.8%. The lowest score was 0 while the highest 17 marks out of 20.

Part a: in this part, candidates were required to define statistical terms used in probability such as the experiment, outcome, sample space and event. There was an observed lack of clear terms used and general understanding of what the definition in statistical terms mean.

#### **QUESTION SIX**

The general performance on this question was not good. 20 out of the 46 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 43.5%. The lowest score was 0 while the highest 16 marks out of 20.

part a: required candidates to use ungrouped data to develop a stem-and-leaf plot then use the information to calculate median, range and standard deviation of the data.

It was observed that most candidates do not understand what a stem and leaf plot is hence got wrong results and had a bad performance on this question.

Part b, had a list working time for company employees. Candidates were required to summarize the given list in form of a frequency table, bar chart and pie chart. It was noted that candidates lost marks on the bar chart and pie chart due to lack of labels of categories in their charts.

### **Overall performance of candidates**

Highest mark obtained in this paper:	74%
Lowest mark obtained in this paper:	5%
Overall pass rate in this paper:	33.3%

## **SUBJECT: CA 1.3 BUSINESS ECONOMICS**

### **QUESTION ONE**

The general performance on this question was excellent. 36 out of the 44 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 81.8%. The lowest score was 6 while the highest 20 marks out of 20.

This was a compulsory Multiple Choice question composed of ten (10) questions each worth 2 marks.

### **QUESTION TWO**

The general performance on this question was good. 25 out of the 43 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 58.1%. The lowest score was 0 while the highest 17 marks out of 20.

This was another compulsory question based on demand and supply analysis. in Microeconomics. It was composed of three (3) parts (a) to (c).

- (a)** Required candidates to define price ceiling by giving one example from the Zambian economy. Some candidates couldn't define it let alone giving an example. Price ceiling is a maximum price set by the government which is below the equilibrium price.
- (b)** Required candidates to define price floor by giving an example from the Zambian economy. A price floor is the minimum price set by the government which is always above the equilibrium price.
- (c)**
  - (i) Required candidates to calculate the equilibrium price and quantity from the given equations. All that candidates were required to do was to equate the two functions then solve for P to find the equilibrium price. Finally, substitute this value of P into any of the equations above to find the equilibrium quantity. Some candidates equated the two equations but then failed to solve them to find P and Q.
  - (ii) Required candidates to calculate the equilibrium price and quantity using the new demand equation. Again what was required was to equate the two equations. Fairly done.
  - (iii) Required candidates to calculate the quantity demanded and supplied when the price is K25. This simply required substituting Q with 25 in the two equations given.

Once this is done it becomes clear that demand will exceed supply by 120 units (shortage).

(iv) Required candidates to again calculate the new quantity demanded and supplied when the price is K30. Similarly, substituting Q with 30 in the two equations will show that supply will exceed demand by 40 units (Surplus).

The common weakness for many of the candidates was failure to use the figures given to correctly answer parts (ii) and (iv) correctly.

### **QUESTION THREE**

The general performance on this question was good. 24 out of the 36 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 66.6%. The lowest score was 3 while the highest 20 marks out of 20.

This was an optional question in Microeconomics. It was composed of four parts (4) parts (a) to (d).

- (a)** Required candidates to distinguish between economic costs and accounting costs. Fairly done, though some candidates presented the distinction between economic profits and accounting profit!
- (b)** Required candidates to calculate accounting profit for Musonda. What was required was to identify the accounting costs, that is, out of pocket costs. Some candidates could get the question right because they confused accounting costs with economic costs.
- (c)** Required candidates to calculate economic profit for Musonda. Key was to identify the economic costs which include opportunity cost.
- (d)** Required candidates to advise Musonda, in economic terms, based to the calculations to part (c) whether or not he made the right decision. The correct answer was depended on the correct answer to part (c). Clearly, there is an economic loss hence the decision was not right.

### **QUESTION FOUR**

The general performance on this question was poor. 16 out of the 42 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 38.1%. The lowest score was 2 while the highest 18 marks out of 20.

This was an optional question on Market Structures. It was composed of four (4) parts (a) to (d).

- (a)** Required candidates to use a diagram to explain the profit maximizing monopoly in the short-run. Fairly done those most of the graphs leaves much to be desired. Graphs must be properly drawn with correct labelling.
- (b)** Required candidates to outline any four (4) advantages of monopoly. Fairly done though there were so many none economic answers. This part of the question required candidates to explain the meaning of satisficing as a managerial objective. This was poorly done by almost all candidate. Satisficing means achieving a satisfactory level of profit while satisfying the many stakeholders of the company. Poor performance indicates selected studying of materials from the Study Guide by students.
- (c)** Required candidates to outline any four (4) advantages of monopoly. Similar to part (b).
- (d)** Required candidates to explain any three (3) approaches that government can adopt to prevent monopoly abuse of its dominant position. This part was largely poorly done. Many answers were too general. Correct answers included making monopolies more competitive, regulating their behavior, turning some private monopolies into public enterprises and off course doing nothing.

## **QUESTION FIVE**

The general performance on this question was good. 18 out of the 31 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 58.1%. The lowest score was 0 while the highest 20 marks out of 20.

This was an optional question on Exchange rates. It was composed of four (4) parts (a) to (d).

- (a)** Required candidates to distinguish between a fixed exchange rate and a floating exchange rate. Fairly done
- (b)** Required candidates to explain any three (3) advantages of a floating exchange rate. It was fairly done, though some candidates could just list instead of explaining their points.
- (c)** Required candidates to explain any three (3) disadvantages of a floating exchange rate. Similar to part (b) above
- (d)** Required candidates to explain any two (2) approaches that a government can use to intervene in the foreign exchange market. These revolve around the buying

and selling of foreign currencies, changing interest rates as well as using exchange controls.

## **QUESTION SIX**

The general performance on this question was poor. 3 out of the 21 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 14.3%. The lowest score was 3 while the highest 10 marks out of 20.

This was an optional question market behaviour.

- (a)** Required candidates to explain a common resource.
- (b)** Required candidates to explain the term 'non-excludable good'
- (c)** Required candidates to explain the meaning of a 'rival good'
- (d)** Required candidates to explain the meaning of a 'public good'.
- (e)** Required candidates to explain any two (2) policy interventions that the government can use to manage a common resource like fish apart from using a fish ban. Answers required included the use of charges or licenses as well as encouraging fishermen to throw back small fish.

### **Overall performance of candidates**

Highest mark obtained in this paper: 93%  
Lowest mark obtained in this paper: 25%  
Overall pass rate in this paper: 60.5%

## **SUBJECT: CA 1.4 COMMERCIAL AND CORPORATE LAW**

### **QUESTION ONE**

The general performance on this question was excellent. 158 out of the 174 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 90.8%. The lowest score was 4 while the highest 20 marks out of 20.

Question one was compulsory. The performance on this question was not bad as a majority of the students made the correct choices on the answers they selected. Students who performed badly just could not select the correct choice on the available options.

### **QUESTION TWO**

The general performance on this question was excellent. 144 out of the 174 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 82.7%. The lowest score was 0 while the highest 19 marks out of 20.

This was a compulsory question. The question had two parts that is (a) and (b).

Part (a) required students to write notes on the sources of law that were listed. Most students were able to explain the constitution, Acts of Parliament, Delegated Legislation, case law and customs. However, some students had challenges explaining customs as they went as far as explaining traditions of international law which are not the same as customs in Zambia.

(b) this question was ably answered by the students. They were able to show the supremacy of the constitution as established in the *Christine Mulundika* case. A few students showed lack of understanding of the said case and hence difficulty to explain the principle discussed therein.

Prospective students should take advantage of the cases that are cited in their manuals and try to read and understand the principles that are set in those cases. This will help them answer questions like this.

(c) this question did not give a lot of problems to students as they explained well how the differences were but those who failed lacked the ability to show how liability arise in both criminal and civil law. Prospective students should not only study what criminal or civil law is but must endeavor to study as far as how liability in the 2 areas come about. The general performance was good with a pass rate of about 78 %.

### **QUESTION THREE**

The general performance on this question was good. 67 out of the 98 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 68.3%. The lowest score was 2 while the highest 18 marks out of 20.

Most students had challenges answering the first part on types of performance. Some did not understand the question and others did not understand the topic.

The preamble of the question confused most of the students. There could have been a simplified way to present the question. The not too good performance on the question could not necessarily have been due to the unpreparedness of the students but perhaps due to the way the question was asked.

### **QUESTION FOUR**

The general performance on this question was not good. 65 out of the 138 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 47.1%. The lowest score was 1 while the highest 18 marks out of 20.

The question was divided into three parts that is (a) to (c).

- a) Part (a) required students to explain what is meant by incorporation of a company
- b) Part (b) required students to explain the difference between a partnership and an incorporated company.
- c) Part (c) required students to explain the elements that bring about an agency of necessity.

In part (a) about 30% of the students that answered this component did not understand what it means to incorporate instead wrote about various types of business entities in Zambia.

In part (b) 5% of the students couldn't clearly show any distinction as they treated a partnership and an incorporated company the same.

In part (C) About 5% of the students upon identifying the essential elements that constitute an agency by necessity could not explain the elements they had listed.

It is recommended for students to study more on the differences between a partnership and an incorporated company as well as agency by necessity as this is always examinable.



## **QUESTION FIVE**

The general performance on this question was excellent. 116 out of the 139 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 83.4%. The lowest score was 2 while the highest 18 marks out of 20.

The question required students to distinguish between an invitation to treat and an offer. The students performed well on parts (b) and (c) of the question. On the part where they did not perform well, students in future are encouraged to study hard on the subject. The information on the subject is in the Zica study manual and students are encouraged to use it.

## **QUESTION SIX**

The general performance on this question was excellent. 122 out of the 146 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 83.5%. The lowest score was 1 while the highest 18 marks out of 20.

- (a) The performance under this part was good. 95% managed to get this question right. The question was clear for any well prepared students to deal with. All a student was expected to do was just to define an exclusion clause. In future students are encouraged to read topics with the view of gaining knowledge rather than just passing.
- (b) This question was a build up from the one above. It sought students to show understanding on the effects of exclusion clauses. Students did fairly well in this question. About 95% attempted this question. Most candidates who answered this question performed quite well though others struggled. This is an indication that some candidates are somehow not very familiar with exclusion clauses. In future candidates are encouraged to address their minds to this topic as it is highly examinable.
- (c) This question was based on discharge of a contract. Candidates needed to explain ways in which a contract may be discharged. Most candidates did extremely well in this question. The few who failed to get all marks failed to remember all the ways of discharging a contract. Future candidates are encouraged to apply their mind to this question and avoid selective studying as this topic is highly examinable.

Students understood what the question required. they also explained exclusion clause so well, advised Butemwe in full and were able to explain ways in which a contract may be discharged. The way forward for all prospective candidates is to

take enough time to study the topic and be able to support their answer with legal authorities.

**Overall performance of candidates**

Highest mark obtained in this paper: 81%

Lowest mark obtained in this paper: 16%

Overall pass rate in this paper: 86.8%

## **SUBJECT: CA 1.5 - MANAGEMENT THEORY AND PRACTICE**

### **QUESTION ONE**

The general performance on this question was excellent. 45 out of the 51 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 88.2%. The lowest score was 2 while the highest 18 marks out of 20.

This was a multiple choice question, with a total of twenty (20) marks.

### **QUESTION TWO**

The general performance on this question was excellent. 44 out of the 49 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 89.7%. The lowest score was 2 while the highest 20 marks out of 20.

This was a compulsory question with a scenario extract from the paper on Trade Kings. The question requested candidates to discuss the impact of Globalization on the firms. Most candidates gave the right answers.

### **QUESTION THREE**

The general performance on this question was excellent. 37 out of the 43 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 86.1%. The lowest score was 3 while the highest 20 marks out of 20.

This question had two parts: (a) and (b).

Part (a) required candidates discuss the characteristics of the Public Sector.

Part (b) required candidates describe the advantages and disadvantages of Public sector Organizations

Most candidates got this question correctly. And come out with good answers on both parts

## **QUESTION FOUR**

The general performance on this question was excellent. 21 out of the 22 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 95.4%. The lowest score was 0 while the highest 18 marks out of 20.

The question was on international trade from a given scenario. All the candidates managed to give good answers.

## **QUESTION FIVE**

The general performance on this question was excellent. 40 out of the 45 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 88.8%. The lowest score was 0 while the highest 20 marks out of 20.

The question had one part and required candidates to describe given behavior attributes of an individual. Most candidates managed give good answers

## **QUESTION SIX**

The general performance on this question was good. 28 out of the 40 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 70%. The lowest score was 0 while the highest 20 marks out of 20.

The question was on managerial skill. It had only one part. Most candidates did well but many could not get full marks because the failed to bring out the required number of 4 skills

## **Overall performance of the candidates**

Highest mark obtained in this paper: 92%

Average score in this paper: 67.4%

Overall pass rate in this paper: 90%

## **SUBJECT: CA1.6 BUSINESS COMMUNICATION**

### **QUESTION ONE**

The general performance on this question was excellent. 59 out of the 67 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 88%. The lowest score was 2 while the highest 18 marks out of 20.

### **QUESTION TWO**

The general performance on this question was poor. 14 out of the 66 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 21.2%. The lowest score was 1 while the highest 18 marks out of 20.

The question was about different application software and the DBMS.

The common mistakes were as follows:

- a) Students were mistaking abilities the DBMS is able to offer with advantages of using DBSM
- b) Disadvantages of batch processing were fairly answered by most candidates
- c) Students were not correctly explaining the roles of back-up utilities in a computerised organisation. They were explaining the utility software and not back-up utility
- d) Most students were explaining an alignment instead tabs that are used to space text across the page.

### **QUESTION THREE**

The general performance on this question was good. 27 out of the 52 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 51.9%. The lowest score was 0 while the highest 19 marks out of 20.

The question was about different types of systems.

The following were the common mistakes noted in this question:

- a) Most students were failing to distinguish KWS and EIS. Some students were explaining MIS and DSS, which were not asked in the question
- b) Some students were explaining the importance of systems control instead of the importance of input control. They could not explain the reason for input controls
- c) Some students were explaining the good qualities of information instead of data principles organisations can adopt

#### **QUESTION FOUR**

The general performance on this question was good. 24 out of the 38 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 63.2%. The lowest score was 3 while the highest 18 marks out of 20.

The question was about building computer systems and the choice of computer hardware depending on factors that include Power, Reliability, Flexibility, Security and Changeover

The following were the common mistakes noted in this question:

- a) The key factors of the choice of hardware were not coming out clear, ie the factor of Power was looking at processing speed, RAM size, clock speed but some students were referring electricity to power
- b) Some students were mistaking tasks with functions of the operating systems
- c) Some students were mistaking online systems with real time systems

#### **QUESTION FIVE**

The general performance on this question was excellent. 53 out of the 62 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 85.4%. The lowest score was 0 while the highest 20 marks out of 20.

Part (a) of this question required candidates to write a memo from a given scenario while part (b) required them to state the functions of a memo in an organisation. The following were some of the common errors that were observed from candidates

(a)

- Most of the elements on the Memo were mismatched
- Very poor statements in the opening paragraph
- Poor grammar.
- Inadequate content especially in the main body of the memo
- Poor subjectline

- Failure to include challenges faced by the sports committee of which the question required candidates to do so.
- No suggestions to the challenges were included in most cases of which the question required candidates to do so.
- In some cases, salutations, and complementary close were included as though they were required to letter but was required was a Memo
- Presented business letters instead of a memos
- Wrong functions of a memo were presented on the second part of this question (wrong and irrelevant content)

## **QUESTION SIX**

The general performance on this question was good. 34 out of the 44 candidates that attempted the question achieved more than 50% of the total marks (score of 10 out of 20 and above). The pass rate recorded was 77.2%. The lowest score was 3 while the highest 18 marks out of 20.

Most candidates performed very well on this question. 90% pass rate was achieved on this question; only 10 % did not do well.

This question required candidates to prepare curriculum vitae from a given scenario while part (b) required them to state the differences between academic and professional qualifications. The information below indicates the common errors that were observed

- a) Most candidates indicated:
  - Inappropriate subheadings such as" about me, personal executive summary "which was not correct.
  - In some cases, letters of recommendations were presented instead of a curriculum vitae that was required on this question
  - The name of the organisation was presented as the main heading of the curriculum vitae.
  - Others answers were simply unacceptable as they had wrong content
  - The Curriculum vitae was presented in form of essays which was not supposed to be the case.
  - Some candidates presented answers as though they were responding to a job advertisement
  - The sub heading of referees were written as references.
  - The word conclusion was presented as part of the subheadings which is not for a curriculum vitae.
  - Curriculum vitae were presented as a memo for an individual.
  - In the last part of the question, most candidates failed to state the differences between the academic and professional qualification ( mostly wrong content was presented )

## **Overall performance of candidates**

Highest mark obtained in this paper: 74 %

Lowest mark obtained in this paper: 15%

Overall pass rate in this paper: 77.3 %



## **SUBJECT: CA 2.1 FINANCIAL REPORTING**

### **QUESTION ONE**

The general performance on this question was not good with 35 out of the 81 candidates that attempted the question achieving a pass (that is a score of at least 20 out of 40 marks), representing a pass rate of 43.2% on the question. The highest score on the question was 35 out of the available 40 marks while the lowest 1.

On this basis, the question was the main reason most candidates failed the examination, being a compulsory question.

What the question required candidates to do:

The question required candidates to prepare a consolidated statement of financial position of a group including a subsidiary and an associate. Part b. of the question required candidates to state circumstances under which a parent company may not be required to prepare consolidated financial statements.

This being a compulsory question very candidate made an attempt to prepare the consolidated statement of financial position for the group. Candidates were conversant with the processes and formats for the CSFP and managed to put figures in the right places.

The most common mistakes made by the candidates:

Common mistakes included arriving at incorrect carrying amounts for share premium for the share exchange consideration, contingent consideration and deferred consideration. Most candidates correctly calculated unrealized profit but could not correctly include in in the carrying amounts for non-controlling interest and investment in associate. The consolidated retained earnings were anything but perfect. The percentage shareholding was applied to wrong figures. The use of fractions to time-apportion amounts appeared to be a major problem.

Answers to part (b) were disappointing as they revealed that candidates do not upgrade their knowledge when new standards are released. Most candidates stated obvious circumstances such as when the percentage shareholding is less than 51 %, irrelevant issues such as having no voting rights, nature of power being significant interest and the archaic dissimilar activities –all of which are not in the IFRS10! Students must be reading latest books which contain updated content for IFRSs.

## QUESTION TWO

The general performance on this question was good. Only 54 out of the 70 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 77.1%. The highest obtained 20 while the lowest got 0 marks out of 20.

The total number of candidates who attempted the question, percentage of those who passed and failed the question:

The question was the most popular in section B with 70 out of 79 (89%) candidates attempting it. The percentage pass on the question (scoring at least 10 out of 20 marks) was 77% (23% fail).

What the question required candidates to do:

The question had two (2) parts. Part (a) was on preparation of the statement of profit or loss and other comprehensive income and Part (b) required candidates to prepare the statement of financial position. The question had accompanying notes on various IFRSs that needed to be adjusted for. Generally, most candidates performed well in this question.

The most common mistakes made by the candidates on each part of the question: In part (a) it seemed most candidates did not read the instruction relating to where to take depreciation, amortization and impairment (cost of sales). They took the figures to wrong headings. Some candidates treated bank overdraft (credit balance) as a current asset as opposed to a current liability.

Charged dividends paid in the statement of profit or loss as administrative expense. This was supposed to be deducted from retained earnings.

Failed to split the convertible loan, between equity and Liability. Further most students wrongly charged interest paid on convertible loan to income statement. Students should take note that, the finance cost of a loan note should, always be based on the effective/market rate (rather than the "coupon/nominal" rate).

Taxable temporary difference of K53, 650 was treated as a deferred tax liability. For future examinations you are reminded that, deferred tax is a tax on temporary difference (i.e. temporary difference must be multiplied by the income tax rate). Therefore, deferred tax should have been computed as follows;  $K53, 650 \times 30\% = K16, 095$ .

Candidates were unable to correctly account for performance obligations that were to be satisfied over three years (on-going servicing) hence recognized entire amount of revenue in the year under review. Correct computation for revenue required candidates

to subtract the K5,400 whose performance obligations were to be satisfied in the two years beyond the reporting date.

Further, candidates hardly presented deferred income between current liability (K2,700) and non-current liability (K2,700).

### **QUESTION THREE**

The general performance on this question was poor. Only 12 out of the 59 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 20.3%. The highest obtained 15 while the lowest got 0 marks out of 20.

The total number of candidates who attempted the question, percentage of those who passed and failed the question:

The question was one the two most popular in section B with 59 out of 79 (75%) candidates attempting it. The percentage pass on the question (scoring at least 10 out of 20 marks) was only 20% (60% fail).

What the question required candidates to do:

This was a 20-mark question and tested candidates on knowledge and application of two accounting standards (IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance and IAS 36 - Impairment of Assets).

The question was generally poorly answered by candidates.

The most common mistakes made by the candidates on each part of the question:

Some of the common mistakes under part a. (ii) were as follows:

- i) Netted of the grant amount from the gross amount of the asset, despite the question clearly stated Bulawa co. accounts for grants using the deferred credit method.
- ii) Deducted the depreciation and amortisation of the grant for 12 months instead of 15 months when determining the carrying amount of the asset and grant to be reported in the statement of financial position.
- iii) Failed to split the grant between noncurrent liabilities (K34, 875) and current liabilities (K4, 500)

### **QUESTION FOUR**

The general performance on this question was poor. Only 4 out of the 58 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 6.9%. The highest obtained 16 while the lowest got 0 marks out of 20.

What the question required candidates to do:

The question was a 20 mark requiring knowledge of two accounting standards, Revenue from Contracts with Customers (IFRS 15) and Operating Segments (IFRS 8). Most candidates displayed complete lack of knowledge and understanding of the applicable standards, although the standards are in the syllabus. Part (b) of the question was either poorly answered or not attempted at all.

It appeared that many candidates had little or no knowledge of IFRS 8. The Financial Reporting examination requires a deep understanding and knowledge of the Conceptual Framework and IFRSs.

Candidates are, once again, reminded of the importance of reviewing past papers to identify the skills required in applying their knowledge in the examination. Covering the entire syllabus is a must as the exam is not going to discriminate syllabus areas.

Candidates are advised to have an understanding of each area of the syllabus to increase their chances of passing.

The most common mistakes made by the candidates on each part of the question:  
Weaknesses of candidates can be summarized as follows:

- Most candidates did not cover the syllabus adequately before sitting for the examination.
- Candidates lacked the ability to apply relevant accounting standards to resolve specific issues raised by the Examiner.
- Many candidates lacked the ability to communicate effectively; they could not present their thoughts clearly.
- Some candidates showed lack of effective time management in answering questions. They spent too much time on questions they believed they could handle; this left them with little time to tackle other questions satisfactorily. Candidates should be taught how to allocate time to questions according to the allotted marks and to strictly respect time allocation. They should move to another question when the time allocated is spent.
- Several candidates did not attempt all parts of the questions. This reduced their chances of scoring pass marks.
- Some candidates displayed very poor handwriting which made their presentation almost illegible.

- Most candidates performed better at the theory questions but performed poorly at the questions that required application of concepts to given cases.
- On the theory questions, most candidates spent a lot of their time discussing issues not immediately relevant to the question: giving backgrounds, providing lengthy introductions, defining irrelevant terminology etc.
- Many candidates performed poorly in the IFRSs/IASs. This suggests the lack of adequate preparations in this important aspect of the paper.

Financial Reporting syllabus is extensive but good exam (and exam preparation) techniques are just as important as learning the key elements of International Standards, with preparation and analytical skills.

A number of candidates lost marks in section by failing to provide explanations to support the financial statement extracts they were asked for. Where the requirements include the verb 'explain', then marks will be given for explanations and candidates who only provide extracts will not gain full marks even if the figures in the extracts are 100% correct.

## **QUESTION FIVE**

The general performance on this question was poor. Only 3 out of the 27 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 11.1%. The highest obtained 15 while the lowest got 0 marks out of 20.

What the question required candidates to do:

This question required candidates to calculate basic earnings per share and diluted earnings per share following a rights issue of shares. Parts of the question required candidates to describe what potential ordinary shares are and why diluted earnings per share should be calculated and presented.

Further, the candidates were asked to explain how IAS 33 reflects the characteristic of comparability.

Performance on Question 5 was generally poor.

The most common mistakes made by the candidates on each part of the question: Answers to this question were disappointingly poor. Almost all candidates either wrongly calculated EPS or omitted part c altogether. This is a sign that candidates to do master calculations during study and revision times as preparation for examinations.

Only one candidate attempted to calculate the theoretical ex rights price (TERP) for use in the calculation of basic EPS, but failed to form the correct fraction. Both the basic EPS and the comparative calculated were wrong.

Few candidates stated correctly what potential ordinary shares were as answers referred to shares to be issued and their effect on profitability instead of those already issued and their probable effect on future profitability and taxation.

Reactions to the Chief Executive Officer were not balanced since they did not discuss anti-dilutive potential ordinary shares and the fact that they are excluded in the calculation of diluted EPS. Candidates discussed generally what comparability is: of performance between one period and another, or between companies in the same industry. The examiner expected candidates to explain what is in the standard, IAS 33, that promote comparability. No candidate stated that the standard prescribes how EPS should be calculated. When all companies calculate EPS using the method stated in the standard, then the figures calculated of EPS also will be comparable.

Performance on this question was generally poor. Candidates must learn to practice calculations thoroughly before they face an examination.

### **Overall performance of candidates**

Highest mark obtained in this paper:	77%
Lowest mark obtained in this paper:	4%
Overall pass rate in this paper:	25.3%

## **SUBJECT: CA2.2 MANAGEMENT ACCOUNTING**

### **QUESTION ONE**

The general performance on this question was good with 68 out of the 87 candidates that attempted the question achieving a pass (that is a score of at least 20 out of 40 marks), representing a pass rate of 78.1% on the question. The highest score on the question was 35 out of the available 40 marks while the lowest 0.

This question was mainly on Cost volume profit analysis, budgeting and variances. All the candidates attempted the question.

Part a (i), required the determination of the breakeven point in units and value. Most candidates failed to compute the correct fixed costs. The labour cost was impliedly fixed in the scenario and was expected to be treated as such.

Part a (ii) was examining on variances. A good number of candidates scored good marks on this segment. A number of candidates did not compute the sales volume contribution variance. The following were some common errors which candidates committed and lost marks:

- Failure to interpret whether the variance is favourable or adverse.
- Failure to determine the standard cost.
- Using wrong data to determine the variance more especially in the case of fixed overhead capacity variance.

Part (b), the preparation of the cash budget was required. A good number of candidates performed well and maximized on scoring the available marks. However, some candidates did not show workings hence lost marks.

### **QUESTION TWO**

The general performance on this question was poor. Only 5 out of the 31 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 16.1%. The highest obtained 10 while the lowest got 40marks out of 20.

It is an optional question.

Question two examined process costing and job costing. The following errors were noted:

- Failing to clearly distinguish process costing from job costing by explaining only process costing.

- Explaining industries where process costing is applicable and giving lots of examples such as oil refining.
- Using physical method to apportion joint costs instead of the sales value method
- Wrong calculations thereby advising that all products should be processed further.
- Failing to project profits or losses on incomplete jobs II & III.

### **QUESTION THREE**

The general performance on this question was poor. Only 22 out of the 70 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 31.4%. The highest obtained 18 while the lowest got 0 marks out of 20.

Some common errors;

- Ignoring that the labour hours were given in the question, and there was no need for further calculations for machine hours.
- Ignoring the component costs in the full cost
- Ignoring to convert the labour time to a common base with the rate
- Using the unit costs to calculate the cost driver rates. It was shocking that many candidates added the labour hours per unit for each product to get a total.
- Computing the profit on the cost instead of the selling price.

### **QUESTION FOUR**

The general performance on this question was poor. Only 25 out of the 79 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 31.6%. The highest obtained 19 while the lowest got 0 marks out of 20.

The question examined the management of materials. It had four parts with distributed marks.

In part (a) (i), the computation of re-order level was well done except in few cases where candidates could not remember or state the formula. In (ii), minimum level was equally well computed. It is typical of the students in the exams forget seemingly simple formula. In (iii), a number of candidates mistook the formula to that of the minimum level instead of the maximum level.

Generally part (a) of the question was well tackled and candidates scored highly.

In part (b), candidates were required to value the materials issued during the month using LIFO and FIFO.

The following errors were noted:

- Inconsistency in the use of the methods. Some students were mixing all the three methods.



- Confusing of the methods. Some students used AVCO in place of either LIFO or FIFO.

In part (c), the disadvantages of using the LIFO method proved a challenge as many candidates wrote points that were out of context. A few candidates got correct answers as most of them left this part of the question unanswered.

In part (d), the calculation of the production budget that would maximize profits for the period was poorly done in most cases. Candidates failed to appreciate that material supply for the period was limited to 950 units. There were few candidates who applied their knowledge and were able to do well.

## **QUESTION FIVE**

The general performance on this question was not good. Only 32 out of the 66 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 48.4%. The highest obtained 20 while the lowest got 0 marks out of 20.

The question was on decision making divided into two parts.

Part (a) required candidates to explain the purpose of a make or buy decision and how it can be achieved. This was a generic question, testing the knowledge on the topic. However, majority of the candidates did not answer the second part of the question.

Part (b), required the candidates to advise after making computations. Some candidates were unable to identify relevant costs hence the wrong calculations.

### **Overall performance of candidates**

Highest mark obtained in this paper: 83%

Lowest mark obtained in this paper: 9%

Overall pass rate in this paper: 20%

## **SUBJECT: 2.3 AUDITING PRINCIPLES AND PRACTICE**

### **QUESTION ONE**

The general performance on this question was poor with 18 out of the 131 candidates that attempted the question achieving a pass (that is a score of at least 20 out of 40 marks), representing a pass rate of 13.7% on the question. The highest score on the question was 30 out of the available 40 marks while the lowest 0.

This question was a mixture of risk, internal controls and audit procedures which cover the core areas of the syllabus.

The following observations were made on the individual parts of the question:

#### **Part (a)**

This part of the question required candidates to explain the main audit risks from the facts given in the scenario.

The following were observed:

- Candidates gave less than the expected number of risks to obtain maximum marks. There are many risks in the sales cycle of Bayuni Ltd and candidates should have explained 6 such risks to score maximum marks.
- Some candidates explained business risks and not audit risks as required by the question requirement. Audit risks should always be related to what could go wrong in the figures contained in the financial statements.
- For six marks candidates were expected to give at least six audit risks. The fact that the information in the question is numbered numerically should have made it easier for candidates to identify audit risks.
- Some candidate went to great length explain the components of audit risk instead of dealing with risks in the scenario.
- A large number of candidates concentrated on explaining internal control weaknesses in the sales system.
- Some candidates listed audit risks without any explanations and so scored half the available marks.

#### **Part (b)**

This was question on internal controls split into two parts as follows:

- (i) This part of the question required candidates to identify and explain 10 internal control weaknesses from the facts given in the question.

A sizeable number of candidates lost easy marks because:

- Some gave less than the required ten internal control weaknesses and so getting marks in proportion to the weaknesses identified and explained.
  - Others simply listed the control weaknesses with little or no explanation resulting in only half the marks being scored.
  - A few candidates explain audit risks in answering this part of the question. Candidates should read the questions carefully and ensure that they address the question requirements in answering the questions.
- (ii) This part of the question required candidates to describe tests of controls for any 6 controls in Bayuni Ltd. in order to score maximum marks in this part, candidates needed to identify the control and design a suitable test of control for this.

A majority of the candidates scored poorly in this part of the question. Candidates should be very clear on the distinction between controls, control objectives and tests of controls.

The following were observed:

- Candidates simply gave general tests of control without any reference to controls either explained in (i) or other clearly explained controls.
- Many candidates explained controls instead of tests of controls.

### **Part (c)**

This was a knowledge based question requiring candidates to describe 5 audit procedures that should be performed in the audit of the receivables figure in Bayuni Ltd. In order to score maximum marks, candidates should have described 5 valid audit procedures.

The following were observed:

- Some candidates gave less than the required number of audit procedures resulting in them scoring marks in proportion to the number of audit procedures given.
- Some explanations of audit procedures were not exhaustive to warrant maximum marks.
- Some candidates gave substantive procedures not related to receivables such a review of the **inventory valuation**.
- A few candidates gave substantive procedures for sales revenue which was clearly not asked for.

### **Part (d)**

This part of the question required candidates to explain the limitation of the use of computer assisted audit techniques in the audit of the receivables balances in Bayuni Ltd.

The following were observed:

- A good number of candidates scored well in this part of the question.
- Some candidates discussed the limitations of the client using computers such as wrong input by client staff.

## **QUESTION TWO**

The general performance on this question was good. Only 57 out of the 98 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 58.1%. The highest obtained 19 while the lowest got 1 marks out of 20.

### **Part (a)**

This was a knowledge based question requiring candidates to explain the meaning of the audit plan and an explanation of the importance of the audit plan to the audit. Candidates should have observed that the audit plan gives in detail the audit procedures that should be carried out and that it executes what is contained in the audit strategy. Further the audit plan helps ensure that an efficient and effective audit is performed.

Candidates scored low marks in this question because:

Some only explained the meaning of the audit plan without explaining its **importance** as required in the question.

### **Part (b)**

This was a multi requirement question requiring candidates to describe the responsibilities of the audit committee of Walker Ltd and the appropriateness of the board chairman to also be a member of the audit committee.

The following were observed:

- Some candidates discussed the responsibilities of the audit committee but did not answer the part concerning the chairman being a member of the audit committee and lost marks attributed to this.
- Some candidates in dealing with the issue of the board chairman being a member of the audit committee confused this with the roles of the board chairman and the chief executive officer.

### **Part (c)**

This part of the question required candidates to evaluate the ability of Walker Ltd as a going concern using information in the question. Candidates were expected to perform simple ratio analysis using the given information and comment on any adverse ratios and any other factors such as the operating indicators like the resignation of the Managing Director who has not been replaced to date.

The following were observed:

- Candidates failing to compute basic ratios and interpreting them to establish significance with regards the ability of Walker Ltd as a going concern.
- Candidates should understand the financial indicators of going concern problems and be able to interpret the results of basic ration analysis.

### **QUESTION THREE**

The general performance on this question was good. Only 54 out of the 88 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 61.3%. The highest obtained 17 while the lowest got 2 marks out of 20.

#### **Part (a)**

This part of the question required candidates to explain the meaning of internal controls and state the importance of internal controls to the organization.

Candidates explained the importance of internal controls but in a few instances explained it from the point of view of the auditor and not the organization as required by the question.

#### **Part (b)**

This was a knowledge based question requiring candidates to explain the main duties performed by an internal audit department.

A majority of the candidates who answered this part scored maximum marks. There were some who gave less than the required six types of activities performed by internal audit and they got marks in proportion to the number of activities correctly explained.

#### **Part (c)**

This part of the question required candidates to describe 5 control activities expected in a petty cash system.

The following were observed:

- Some candidates gave less than the required 5 control activities resulting in a loss of easy marks.

## Part (d)

This part of the question required candidates to recommend tests of controls that should be carried out on the petty cash system of Cast Plc. Candidates should have used the control activities suggested in part (c) to design suitable tests of controls that should be performed.

The following were observed:

- There were cases of candidates who suggested tests of control without clear controls being tested.
- There were cases of tests of controls not relevant to the petty cash system being explained.

## QUESTION FOUR

The general performance on this question was good. Only 55 out of the 84 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 65.4%. The highest obtained 19 while the lowest got 2 marks out of 20.

### Part (a)

This part of the question required candidates to discuss the **importance** of sufficient appropriate evidence in an audit.

Many candidates explained the meanings of sufficient appropriate audit evidence which was not the question requirement and lost the easy marks. The question specifically required a discussion of the importance of obtaining sufficient appropriate evidence in an audit.

### Part (b)

This was a knowledge based question requiring candidates to explain the possible types of audit opinions. Candidates needed to explain the unmodified opinion according to ISA 700 and the three forms of modification of the opinion in accordance with ISA 705.

The following were observed:

- Some candidates did not seem to understand the distinction between modified and unmodified opinion and mixed the explanations.
- There were instances of correct types of opinions identified but with incorrect explanations regarding how such opinions are reached. The following are some of the answers noted:
  - Adverse opinion – This is when financial statements are both pervasive and material.
  - Qualified opinion – This is when financial statements are material but pervasive.

- Disclaimer of opinion – This is when financial statements are not pervasive and material.

### **Part (c)**

This part of the question required candidates to state the form of opinion for each of 4 given scenarios. Candidates were expected to justify the form of opinion suggested in line with the guidance given in auditing standards.

The performance in this part was poor confirming the lack of understanding of forms of opinion in part (b) above. A sizeable number of candidates suggested a form of opinion but could not explain the reasons why that suggested opinion is appropriate.

### **QUESTION FIVE**

The general performance on this question was excellent. Only 99 out of the 118 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 83.8%. The highest obtained 19 while the lowest got 1 marks out of 20.

### **Part (a)**

Candidates were required to state 3 advantages and 2 disadvantages of a principles based approach to professional ethics.

The following were observed:

- There were many instances of candidates giving less than the required number of advantages and disadvantages thereby losing the marks for not giving the required number.
- Candidates explained the fundamental principles rather than the approach required. Candidates should observe that the principles have no legal backing compared to a rules based approach and should have given advantages of this over the rule based approach.

### **Part (b)**

This was a question on ethical matters in the given scenario. The ethical matters were obvious particularly because the issues in the scenario were numbered and candidates should have found this question easy to answer.

This part and part (c) could have been answered together and referenced as Q5 (b)/(c) because the two are related and this saves valuable time in the examination.

The following were observed:

- There were cases where less than the required 6 ethical threats were explained and candidates obtained marks in proportion with the number of ethical issues explained.
- Candidates in some cases did not know the ethical threat such as the preparation of tax returns being considered as an advocacy threat instead of a self-review threat.
- The threats are clear in the scenario and candidates needed to simply explain and provide safeguards in part (c).

### **Part (c)**

This part could be answered together with part (b) and required candidates to suggest suitable safeguards to the ethical matters explained in (b).

The following were observed:

- Poor presentation of the answer in that the order of the safeguards was not the same as the ethical matters in (b) making it difficult for the examiner to match them.
- Some candidates did not give safeguards to some of the ethical matters discussed in (b) resulting in the loss of easy marks.
- Candidates simply stating that the auditor should decline as a safeguard which is not relevant in some cases. Decline is only relevant at the time of accepting appointment and even then it is the last option if other suitable safeguards could be applied. The appropriate safeguard could be resignation and not decline.

### **Overall performance of candidates**

Highest mark obtained in this paper:	68%
Lowest mark obtained in this paper:	24%
Overall pass rate in this paper:	41%



## **SUBJECT: CA 2.4 TAXATION**

### **QUESTION ONE**

The general performance on this question was good with 86 out of the 162 candidates that attempted the question achieving a pass (that is a score of at least 20 out of 40 marks), representing a pass rate of 53% on the question. The highest score on the question was 33 out of the available 40 marks while the lowest 1.

Part (a) required candidates to explain the difference between farm improvements and farm works and was fairly well answered with the exception of a few candidates who demonstrated a lack of knowledge of this topic area and therefore failed to provide the required explanations and examples.

In Part (b) candidates were required to calculate the maximum amount of capital allowances claimable by the company for the tax year 2020 and was reasonably well answered. The most common challenges faced by candidates who performed poorly on this part of the question included:

- (i) Using the wrong rates to compute wear and tear allowances available.
- (ii) Using the Income Tax Values to compute wear and tear allowances on the assets instead of the original costs
- (iii) Time apportioning capital allowances on assets acquired part way through the tax year instead of claiming the capital allowances in full.
- (iv) Failure to restrict the allowances available on farm dwellings to K20,000.
- (v) Failure to calculate the balancing charge on the implements, plant and machinery which were sold during the year.

In part (c) candidates were required to calculate the final taxable profits from farming. The following are the challenges faced by the candidates who scored poor marks on this part of the question:

- (i) Failure to differentiate between allowable and disallowable expenses
- (ii) Forgetting to adjust for the personal-to-holder car benefits
- (iii) Not adjusting for accommodation benefit arising on the provision of free residential accommodation to the managing director
- (iv) Forgetting to deduct investment income to arrive at taxable farming profits

In part (d) candidates were required to prepare a computation of the amount of income tax payable by the company. The most common challenges faced by the candidates who performed poorly on this part of the question included:

- (i) Failure to include the grossed-up amount of investment income in the company income tax computation
- (ii) Using the correct wrong tax rates to compute company income tax on the farming profits and on non-farming income. Some candidates were using the personal income tax bands instead of the company income tax rates
- (iii) Failure to deduct the provisional income tax paid and the withholding tax deducted at source, from the total company income tax liability to determine the final company income tax payable.

## **QUESTION TWO**

The general performance on this question was poor. Only 45 out of the 128 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 53.3%. The highest obtained 18 while the lowest got 0 marks out of 20.

In part (a) candidates were required to explain the basis of assessment for emoluments from employment. A number of candidates demonstrated a lack of knowledge of the basis of assessment for emoluments and therefore failed to provide the required explanations.

In part (b) candidates were required to calculate the amount of withholding tax deducted at source from investment income received by the tax payer. The most common mistakes made by candidates who scored poor marks on this part of the question included:

- (i) Using the wrong rates to compute withholding tax arising on the different types of investment income received by the tax payer.
- (ii) Computing the withholding tax arising by applying the WHT rates to the net figures given in the question instead of grossing up the figures first and then computing the WHT using the grossed-up amounts of investment income.

Part (c) asked candidates to calculate the amount of income tax payable by the employee for the tax year 2020 and was reasonably well answered. The following are the challenges faced by the candidates who performed poorly on this part of the question:

- (i) Failure to differentiate between taxable and exempt benefits from employment.
- (ii) Including investment income on which withholding tax is final in the personal income tax computation.
- (iii) Failing to calculate correct amount of the lunch allowance and accommodation allowance to be included in the computation.

- (iv) Using the company income tax rate of 35% to compute the income tax payable instead of the personal income tax bands applicable to individuals.
- (v) Forgetting to deduct the PAYE deducted at source and the withholding tax from the income tax liability of the tax payer to arrive at the final income tax payable

### **QUESTION THREE**

The general performance on this question was poor. Only 45 out of the 128 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 35.1%. The highest obtained 20 while the lowest got 0 marks out of 20.

Part (a) required candidates to explain how each tax payer in the question would be assessed to income tax. Only a few candidates managed to identify the appropriate tax collection method which was to apply to each tax payer.

In part (b) candidates were required to prepare the computation of tax payable by each tax payer in the question, who included a limited company whose annual turnover was less than K800,000, an individual running a business with an annual turnover of less than K800,000 but voluntarily registered for VAT and an individual carrying on a public passenger transportation business.

This part of the question was generally, poorly answered as most candidates failed to compute the relevant taxes applying to each the three tax payers.

### **QUESTION FOUR**

The general performance on this question was not good. Only 48 out of the 110 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 43.6%. The highest obtained 20 while the lowest got 0 marks out of 20.

Part (a) required candidates to calculate the customs value of the imported Toyota Land Cruiser and the total amount of import taxes paid and was generally well answered. However, few candidates faced following challenges in answering this part of the question:

- (i) Failure to calculate the customs value of the imported Toyota Land Cruiser
- (ii) Using the wrong exchange rate to convert the VDP from US dollars into Zambian kwacha
- (iii) Failing to identify the correct amount of specific import duties paid on the importation of the vehicle.

Part (b) asked candidates to describe any four (4) methods that may be used to value imported goods and was generally poorly answered. Most candidates demonstrated a lack of knowledge the methods and therefore failed to provide the required explanations.

Part (c) which required candidates to explain any three (3) methods that may be used in the valuation of locally manufactured goods for the purposes of excise duty and was also poorly answered as most candidates demonstrated a lack of knowledge of the methods and therefore failed to provide the appropriate answers.

## **QUESTION FIVE**

The general performance on this question was not good. Only 41 out of the 84 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 48.8%. The highest obtained 17 while the lowest got 2 marks out of 20.

In part (a) candidates were required to compute the amount of mineral royalty tax paid by the company during the tax year 2020. This part of the question was generally well answered with the exception of a few candidates who failed to compute the correct amount of Mineral Royal Tax because they used the wrong rates to compute the amount mineral royalty tax arising, on copper, cobalt, precious metals and industrial minerals.

Part (b) required candidates to calculate the amount of the interest expense that will be disallowed when computing the taxable mining profits and was poorly answered by candidates, who demonstrated a lack of knowledge on how to perform the computation.

Part (c) required candidates to calculate the final tax adjusted mining profit for the tax year 2020 and was also poorly answered. The following are the challenges faced by the candidates in computing the taxable profit:

- (i) Forgetting to disallow the mineral royalty tax paid
- (ii) Failure to differentiate between allowable and disallowable expenses incurred by the mining company
- (iii) Failure to make the appropriate adjustments adjust for the expenditure incurred on the construction of the community clinic
- (iv) Forgetting to deduct investment income in computing the taxable mining profits
- (v) Using the wrong rates when computing the capital allowances claimable.

In part (d) candidates were required to calculate the final amount of income tax payable by the company for the tax year 2020. The following are challenges faced by the candidates when answering this part of the question.

- (i) Including investment income whose withholding tax is the final tax in the company income tax computation
- (ii) Forgetting to compute the income tax on mining income separately at 30% and the income tax on non-mining income at 35%
- (iii) Not deducting the provisional income tax paid and the withholding tax deducted at source from the income tax liability to arrive at the final company income tax payable.

### **Overall performance of candidates**

Highest mark obtained in this paper: 87%

Lowest mark obtained in this paper: 9%

Overall pass rate in this paper: 49%

## **SUBJECT: CA2.5 FINANCIAL MANAGEMENT**

### **QUESTION ONE**

The general performance on this question was poor with 36 out of the 180 candidates that attempted the question achieving a pass (that is a score of at least 20 out of 40 marks), representing a pass rate of 20% on the question. The highest score on the question was 26 out of the available 40 marks while the lowest 0.

Part (a) required candidates to evaluate whether the company should lease or buy the machinery technology. Part (b) asked candidates to evaluate whether MIMI Ltd should replace motor vehicles after one year, two years, or three years using the equivalent annual cost. Lastly, part (c) required candidates to discuss the internal sources of finance available to MIMI Ltd. The common mistakes included wrong calculation of license fees and present values. Some candidates omitted the trade in value from the evaluation. When calculating the EAC some candidates wrongly calculated the cleaning costs or completely omitted it and thus, incorrect equivalent annual cost. Some candidate did not attempt part (b) exhibiting lack of knowledge. Lastly, some candidates failed to identify the internal sources of finance but generally discussed any available source of finance.

### **QUESTION TWO**

The general performance on this question was poor. Only 52 out of the 135 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 38.5%. The highest obtained 18 while the lowest got 0 marks out of 20.

Part (a) required candidates to prepare forecast financial statements i.e. income statement and statement of financial position. Part (b) asked candidates to analyse the trends in the accounting ratios and discuss financial performance in relation to working capital management.

- (i) Students were unable to calculate the forecasted turnover for Euston Incl's by failing to apply correctly the expected annual turnover growth of 8.4%. In most instances the cost of sales was not correctly calculated. Further the mistakes arose due to the wrong calculation of the Gross Profit Margin by not applying the given percentage of 30% as provided in the question. Due to the wrong calculations of the Gross Profit as per the observation above, the forecasted Net profit was also wrongly determined.
- (ii) Wrong calculation of the current assets consisting of the forecasted Inventory and Trade Receivables. As for the Inventory forecasted figure, the students failed to

calculate this figure by using the proportion factor of number of days per annum i.e.  $110/365$ . This was the case regarding the other forecasted statistics for receivable and payable periods.

- (iii) Some students failed to identify the correct current assets and current liabilities figure and incorrectly reflected the wrong amounts in the forecasted statement of financial position.
- (iv) The other common error was the non-balancing of the forecasted statement of financial position of Euston Incl.
- (v) Some candidates failed to identify appropriate working capital management ratios for analysing the financial performance.

### **QUESTION THREE**

The general performance on this question was poor. Only 27 out of the 152 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 17.7%. The highest obtained 13 while the lowest got 0 marks out of 20.

Part (a) required candidates to evaluate the whether the company should purchase or lease the new machinery and Part (b) asked candidates to explain the reason lease option could be considered more attractive. The common errors included failure to calculate the capital allowances and subsequently reflecting them in determining the NPV for purchasing the equipment. Some candidates simply failed to identify the advantages for leasing.

### **QUESTION FOUR**

The general performance on this question was poor. Only 34 out of the 94 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 36.1%. The highest obtained 17 while the lowest got 0 marks out of 20.

Part (a) required candidates to analyse and discuss the dividend increase and Part (b) asked candidates to evaluate and discuss the bond issue. Part (c) asked candidates to calculate the theoretical ex rights price per share and the amount of finance that would be raised under Proposal C and finally, part (d) required discussion of the proposal to use these funds to reduce gearing and financial risk. The candidates failed to apply the concepts on dividend decisions showing lack of knowledge. In addition, some candidates failed to calculate the gearing and discuss the implications.

## **QUESTION FIVE**

The general performance on this question was poor. Only 29 out of the 100 candidates that attempted the question got a score of at least 10 out of 20 marks. The pass rate recorded was 29%. The highest obtained 16 while the lowest got 0 marks out of 20.

The required candidates to write a report to the finance director that includes the following:

- (a) A discussion of the advantages and disadvantages of the zero dividend policy adopted by the directors and its impact on shareholder wealth maximization.
- (b) Calculation of the financial gearing ratio under each of the three scenarios provided below:
  - (i) The company does not take up the investment.
  - (ii) The company finances the investment by means of borrowing.
  - (iii) The company finances the investment by means of the rights issue.
- c) A recommendation for the company of a proposed course of action based on your calculations.

Candidates wrongly calculated the prior charge capital in most cases. Also, there was lack of demonstration of the three scenarios i.e.

- (1) Showing financial gearing
- (2) Showing financial gearing after revising prior charge capital.
- (3) Showing financial gearing after taking into account capital employed.

### **Overall performance of candidates**

Highest mark obtained in this paper: 64%

Lowest mark obtained in this paper: 3%

Overall pass rate in this paper: 17.2%



## **SUBJECT: CA 3.1 ADVANCED FINANCIAL REPORTING**

### **QUESTION ONE**

The general performance on this question was good. Only 95 of the 177 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 53.6%. The highest score was 39 while the lowest 0 marks out of 40.

What the question required candidates to do:

The question had two (2) parts. The part (a) of the question asked candidates to prepare a consolidated statement of cash flow using the indirect method in accordance with the requirements of IAS 7 'Statement of cash flows'. Part (b) asked candidates to discuss the extent to which statements of cash flow provide stakeholders with useful information about an entity and whether this information would be improved by the entity introducing an Integrated Report.

The most common mistakes made by the candidates:

As in the previous examination sitting (September 2020), due, perhaps, to lack of adequate preparation and understanding of IFRS, a number of the candidates performed poorly in this question.

The following were noteworthy mistakes of candidates:

- i. Added revaluation gain of k74 million, which was reported in other comprehensive income.
- ii. Deducted employee benefits paid (K666 million) as cash outflow, instead of contributions (K30 million).
- iii. Some candidates started with profit after tax (K1 million), but failed to adjust for the tax expense (K170 million), in order to come up with profit before tax of K1, 170,000.
- iv. Added share of associate profit, the profit should have been subtracted (reversed) since it was added when profit was determined.
- v. Failed to reconcile other income in order to determine the investment income received.
- vi. Translated \$0.5 million wrongly (divided instead of multiplying), hence computed wrong exchange gain.
- vii. Ignoring deferred tax balances in calculating tax paid. Tax paid is computed by taking into account both current and deferred tax balances, and income tax expense in the profit or loss account.

- viii. Swapped the balances brought forward and balances carried forward. Further, few candidates indicated balances on a wrong side of the ledger accounts. For future examinations, you are advised to use narrative if you are not comfortable with ledger accounts. Take note that both narrative and ledger accounts are acceptable.
- ix. Misclassification of cash items. Candidates are advised to be familiar with headings of cash flow.
- x. Some candidates displayed inadequate knowledge of the integrated reporting.

Candidates are encouraged to revise the principles and format of group cash flows as this was an area of weakness for those who did not perform well. Brought forward knowledge from financial reporting and financial accounting is cardinal at advisory level. Knowing the format helps in earning easy/bonus marks related to treatment of depreciation charge for the year, working capital changes, profit or loss on disposal of property, plant and equipment, proceeds from issue of shares, cash paid to acquire property, plant and equipment, tax paid and dividends paid just to mention but a few. The message is not changing to future candidates; the syllabus is what **must guide you**. It seems this topic (Group cash flow) was again ignored by most candidates due to wrong predictions since it was examined in September 2020, some students thought it would not be re-examined. As per previous examiner's report, you are again **advised and warned to avoid predicting** what will come in the examinations, you are not the examiner.

Candidates are therefore advised not to take the increase in the examinations sittings (**four sittings per year**) for granted. They should ensure that they have completed the syllabus, revised and worked through series of questions before registering for the examinations.

## **QUESTION TWO**

The general performance on this question was good. Only 48 of the 96 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 50%. The highest score was 16 while the lowest 0 marks out of 20.

What the question required candidates to do:

The question had four parts

- i. To identify correct classification for one short term equity investment, and another long term equity investment, and for each to state where fair value gains and losses would be reported in the financial statements.

- ii. To state whether or not a provision would be recognized following a legal suit initiated by a customer, and whether a claim against a supplier would change the recognition for a liability.
- iii. To state the accounting treatment for a drilling machine from whose revenue has significantly dropped from 23% and 7%.
- iv. To discuss the effects on preparation of financial statements of contents in the **revised Conceptual Framework (2018)** that was issued in 2018 by the IASB.

The most common mistakes made by the candidates on each part of the question:

Candidates who referred to IFRS 9 and identified the three classifications for financial assets ( FVTPL, FVTOC and AC) scored more marks than those who discussed financial instruments generally. Good answers even applied the Business Model Test and The Cashflow Characteristics Test to justify correct classification.

A good number of candidates stated that a provision was required, applying aspects of the definition for a liability. Answers fell short for not referring to IFRS 37 and failure to mention that the claim against the supplier would be a contingent asset to be disclosed. Good answers should have first mentioned the rules and principles in the standard, and apply them to the scenario afterward.

A number of candidates stated correctly the provisions of IFRS 5 for reclassification as 'Asset Held for Sales', but wrongly concluded that the asset would be reclassified as such. A few correctly stated that the asset did not meet the criteria for reclassification but failed to state that it would continue to be accounted for under IAS 16, and subjected to an impairment review to asset the loss after normal depreciation as IAS 36 prescribes. The depreciation and impairment loss would be charged to the SoP/OCI accordingly.

Answers to part 4 of the question revealed that candidates were not familiar with the contents of the revised Conceptual Framework as most answers contained general descriptions of income and expenses as are treated in financial statements. The question raised accounting issues that needed to be discussed in more specific and direct terms.

### **QUESTION THREE**

The general performance on this question was poor. Only 8 of the 105 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 7.6%. The highest score was 15 while the lowest 0 marks out of 20.

What the question required candidates to do:

Part (a) of the question tested candidates on the application of IFRS 5, IAS 16 and IAS 36.

Part (b) of the question required application of equity accounting to an investment in a foreign joint venture after translation of the financial statements of the investee.

The most common mistakes made by the candidates on each part of the question:

In part (a), a good number of candidates did not even demonstrate knowledge of the IFRS 5 definition of a non-current asset held for sale and consequently failed to advise whether the asset in the scenario qualified as held for sale. Most candidates failed to perform basic calculations required to arrive at the carrying amount of the asset per IAS 16 even before getting concerned that the asset could be impaired and hence the need to apply IAS 36.

In part (b) of the question, very few candidates managed to correctly translate the results of the foreign joint venture and the cost of investment. Almost all candidates did not compute the investor's share of the investee's exchange difference on retranslation of net assets to be reported in OCI (items that are reclassified in PL).

#### **QUESTION FOUR**

The general performance on this question was poor. Only 20 of the 150 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 13%. The highest score was 17 while the lowest 0 marks out of 20.

What the question required candidates to do:

The question required candidates to apply the IFRS 16 Leases provisions relating to lessor accounting for an operating lease and lessee accounting

The most common mistakes made by the candidates on each part of the question:

Most candidates demonstrated their lack of understanding of IFRS 16 with regard to lessor accounting. Very few candidates correctly classified the lease in the scenario as an operating lease. Even among those that did, very few were in a position to explain that the lessor's MLP must be recognized as income in PL over the lease term on a straight line basis whilst the asset under lease must continue to be recognized by the lessor and account for it in accordance with IAS 16.

Most candidates failed to perform basic computations to arrive at carrying amounts in respect of the lease liabilities and the right of use asset, and finance costs in respect of a second lease in which the entity in the scenario was a lessee.

## **QUESTION FIVE**

The general performance on this question was good. Only 93 of the 153 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 60.7%. The highest score was 19 while the lowest 0 marks out of 20.

What the question required candidates to do:

The question required candidates to write a report to directors that provided an evaluation of the impact of a number of strategies pursued in the year under review. The evaluation was to be supported by a number of calculated ratios.

The most common mistakes made by the candidates on each part of the question:

The question was attempted by a majority of candidates and performance was reasonably well. Most candidates correctly calculated the known conventional ratios for interpreting profitability, liquidity, efficiency and long term solvency. Candidates lost marks for calculating ratios that are used for trend analysis of absolute figures, and for comments that did not link changes to the stated strategies in the question.

### **Overall performance of candidates**

Highest mark obtained in this paper:	77%
Lowest mark obtained in this paper:	0%
Overall pass rate in this paper:	32.2%

## **SUBJECT: 3.2 ADVANCED AUDIT AND ASSURANCE**

### **QUESTION ONE**

The general performance on this question was very poor. Only 36 of the 213 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 16.9%. The highest score was 32 while the lowest 0 marks out of 40.

This question was a mixture of topics covering risk, group audits and social and environmental audits. 15 of the marks related to risk identification and audit response. A well prepared candidates should have easily scored maximum marks on risk identification and explanation. It was observed that a sizeable number of candidates attempted the compulsory question last and in most of the cases candidates scored less than the expected 50% of the total marks for this question. In most cases this is the easier question and candidates should aim at scoring well above the 50% to compensate for low marks cored in the optional questions.

#### **Part (a)**

This part of the question required candidates to **identify** and **explain** 6 audit risks from the given scenario. For a total of 9 marks this suggests that for each of the six identified and explained risks a maximum of 1½ marks. This means that simply identifying without explaining how the risk is an audit risk will attract less than the maximum marks.

The performance in this part was generally poor with a majority of the candidates scoring less than half the available marks. This is an important part of the syllabus and it has been examined in the past and will continue being examined in this form in future examinations. What came out clearly is that many candidates do not understand the distinction between business risks and audit risks with many who simply showed lack of understanding of this important topic.

The following were observed:

- Many candidates simply identified risks without explaining the audit risks as required resulting in candidates scoring less than the maximum available marks.
- There were candidates who explained business risks instead of audit risks as required. The distinction between business and audit risks is important and candidates should show knowledge of this distinction by identifying business and audit risks in a given scenario. If audit risks are asked for, explaining business risks without relating them to what could go wrong in the financial statements will not attract maximum marks.

- A sizeable number of candidates failed to relate clear risks in the scenario as being audit risks. For example the risk of theft of products that it could result in a misstatement of figures in the financial statements when trying to conceal the theft.
- Candidate gave less than the required six risks and in a few case many more than the six required which is a waste of valuable examination time. Candidates also wasted time by writing too much for each risk identified and they should be guided by the marks available as per question. For example a total of 9 marks for 6 risks suggests that there are 1½ marks for each risk identified and explained.

### **Part (b)**

This part of the question required candidates to suggest suitable **audit responses** to the audit risks identified in (a). Candidates should understand that it is not sufficient for the auditor to identify audit risks, they will require to respond on the risks identified because they will need to carry out audit procedures to obtain sufficient appropriate evidence that the financial statements are not misstated due to the crystallization of the identified risks.

It should be noted that this part of the question could be answered at the same time with part (a) and referenced as **Question 1(a)/ (b)** so that the responses come soon after the risks identified. This format will also save time for the candidate in answering the two parts of the question.

The following were observed:

- Many candidates gave responses from the point of view of **management** contrary to the requirement of the question which required **audit responses** and so lost the available marks. For example suggesting solving the liquidity problem the company is facing. This is clearly not an audit response.
- Some candidates gave less than the required number of responses namely six and where correct obtained marks proportionate to the correct responses given.
- In a few cases it was difficult to relate the responses given in this part to the risks identified and explained in (a). If this part of the question is answered independently of part (a) the order of audit responses should be the same as that of the risks in (a).
- There were candidates who simply did not attempt this part of the question.

### **Part (c)**

This part of the question required candidates to show knowledge of the accounting **for assets held for sale** as well as the audit risks that arise as a result. In the absence of the accounting knowledge it is unlikely that the candidates will be able to give suitable audit procedures required. The performance in this part of the question was poor with

many candidates failing to explain the audit procedures largely because they did not know the assertions contained in the figures related to assets held for sale.

The following were observed:

- Many candidates failed to provide audit procedures and this appears to be from lack of understanding of the provisions of IFRS 5. Candidates at this level of the examinations are reminded that they need to have adequate knowledge of the assertions contained in the figures in the financial statements failure to which they will not be in a position to suggest suitable audit procedures.
- Some candidates simply stated the requirements of IFRS 5 without stating the audit procedures. Management is responsible for adhering to the provisions of the standard the auditor in turn needs to design audit procedures to test the assertions. For example the standard requires that no depreciation should be charged on assets intended for sale, this is a requirement of the IFRS. The audit procedure is that the auditor will review the computation of depreciation and ensure that no depreciation has been included relating to assets held for sale.

### **Part (d)**

This was a 3 mark question requiring candidates to describe the work that should be performed on a **significant component**. Any points stating that the group auditor should perform procedures on significant components because he is responsible for the group audit opinion notwithstanding the fact that the group auditor will not have audited the financial statements of the component.

The following observations were made:

- Most candidates concentrated on the component auditors auditing the component. Candidates should have observed that despite the fact that they did not audit the component they are responsible for the group audit opinion which includes figures of the significant component. The standard on group audits gives guidance and explains the work that the group auditors should perform on the financial statements of significant components. Candidates should endeavor to understand the guidelines in ISA 600.
- A sizeable number of candidates simply did not answer this part so losing all the available marks.

### **Part (e)**

This part of the question required candidates to show knowledge of ISA 720 *The auditor's responsibility in relation to other information in documents containing the audited financial statements* which gives guidance to the auditor on their responsibilities with regards other information contained in a client financial report.



The question clearly mentioned the other information namely the chairman's report and the report of the directors. For six marks candidates required to give at least four valid points. Explaining one point in detail will not attract maximum marks. Including the following would have earned candidates maximum marks:

- Explaining the relevant standard. Candidates are reminded that they are expected to answer auditing questions using the relevant auditing standards including that on other information.
- Explaining the duty of the auditor to read the other information.
- Action of the auditor when there is inconsistency between the other information and the evidence gathered during the audit.
- Action if management does not amend the other information where there are inconsistencies.

The following were observed:

- Some candidates simply seemed not to know the requirements of ISA 720 and gave clearly wrong answers.
- Some candidates confused the other information to the other matter paragraph which is a different paragraph altogether. This topic is fully covered under the lower CA 2.3 syllabus and candidates at this level were not expected to have difficulties answering this part.

## **Part (f)**

- (i)** This part of the question required knowledge of social and environmental audits. The question required candidates to suggest suitable key performance indicators for social and environmental matters contained in the question. It was clear that many candidates did not know much about social and environmental audits and the following were observed:
- Some candidates explained social and environmental audits without suggesting suitable KPIs for which no marks were earned. Candidates should learn to address the requirements of the question.
  - A sizeable number of candidates seemed not to have any idea on this topic and simply did not answer this part of the question. Candidates are reminded that all parts of the syllabus are examinable and so should not be selective in preparing for the examinations.
- (ii)** This part of the question required candidates to explain the audit evidence that they expected arising from the social and environmental audits. It is very important for the candidate to know their position in the examination. In this case the candidates are in the position of **a reviewer** of the working papers and so giving audit procedures will not earn any marks. Someone else will have done the work and the candidate was expected to describe the evidence

they hope to find as they review the work carried out concerning the KPIs in (i).

- The performance in this part was poor largely because this part of the question is related to part (i) above. For those candidates who could not satisfactorily answer part (i) they could not give satisfactory answers to this part of the question.
- Some candidates gave audit procedures instead of stating the evidence expected on review of the work. Explaining audit procedures did not attract marks because in this case the work being done is that of reviewing the audit procedures performed by someone else.

## **QUESTION TWO**

The general performance on this question was poor. Only 64 of the 182 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 35.2%. The highest score was 16 while the lowest 0 marks out of 20.

This question was divided into two sections (a) on the emphasis of matter and other matter paragraphs. Part (b) was on risk of two elements contained in the financial statements and a suggestion of the audit procedures to test the assertions.

### **Part (a)**

- (i) This part of the question required candidates to define an Emphasis of matter paragraph. In the second part of the question candidates were required to give two examples of matters that would be included in the emphasis of matter paragraph. Presentation of the answer in this part and in part (ii) is important. The first part of the solution should give the definition and below that the examples required should be given.

It was disappointing to note the lack of knowledge of this paragraph by a majority of candidates despite the fact that this and the other matter paragraphs have been examined in this manner many times in the past.

The following were observed:

- A sizeable number of candidates defined the emphasis of matter paragraph but did not give any examples as required and so lost the marks attributable for giving examples.

- Many candidates simply did not know the emphasis of matter paragraph and scored no marks and because of that could not give suitable examples of matters that are contained in this paragraph. Below are a few examples of clearly incorrect definitions of the emphasis of matter paragraph quoted from examination scripts:
  1. 'Emphasis of matter is a line/paragraph in the audit report during the formation of an audit opinion by the auditor on the financial statements'.
  2. 'Emphasis of matter paragraph is one of the outcomes of the audit modification, especially trying to emphasize a part in the modification and financial statements'.
  3. 'Emphasis of matter paragraph which explains why the report is modified or unmodified. This is the simple paragraph after the opinion'.
  4. 'The emphasis of matter paragraph is one of the key audit matters to be highlighted in the audit report'.
  5. 'A paragraph which raises items which could affect an opinion or has a bearing on the opinion e.g. Omission of material transactions from the financial statements would be included in the emphasis of matter paragraph'.

The above are clearly wrong and it was disappointing to observe that candidates writing the final audit paper could give such answers on a topic that is fully covered in the lower CA 2.3 paper.

- (ii) This part of the question required candidates to define the other matter paragraph and to give two examples of matters that could be included in this paragraph.

The same comments in part (i) above were observed in this part. Below are examples of answers that were extracted from the examination scripts:

1. 'This is another type of audit report opinion which does not modify the audit opinion. However, it's a matter which has been noticed by the auditor after making the chairman report and comparing with the financial statements of the client'.
2. Other matter is a matter in the audit report which include information and explanations necessary for the audit'.

Candidates are reminded once again that they need to fully understand the provisions of ISA 706 *Emphasis of matter paragraphs and other matter paragraphs in the independence auditor's report*. This topic will be examined in future and candidates should learn the meaning and contents of these paragraphs and also go through past examination papers to increase their chances of scoring high marks.

## Part (b)

This part of the question was on risks relating to specific assertions and the required audit procedures. Audit risks relate to what could go wrong in the financial statements. In discussing what could go wrong candidates should consider the accounting for the matter in question.

- (i) This part of the question was on the audit risk and audit procedures for **borrowing costs**. This is one of the topics that candidates should understand in terms of audit procedures for specific areas. It should be pointed out that unless candidates understanding the accounting for borrowing costs under IAS 23 *Borrowing costs* they are unlikely to provide the audit procedures.

Candidates were required to discuss the audit risk with regards borrowing costs and to recommend three audit procedures to perform on borrowing costs. A majority of the candidates failed to score marks as expected and the following were observed:

- Many candidates tried to explain the audit risk but gave no audit procedures required.
- Many candidates explained the provisions of IAS 23 Borrowing costs without describing the audit procedures. For example explaining that the standard requires the asset to be a qualifying asset will not attract marks because that is the provisions of the standard and NOT an audit procedure. The suitable audit procedure could be to evaluate the relevant asset against the criteria for qualifying assets and confirm that the criteria are met.

- (ii) This part of the question related to the risks with regards revenue grants and the related audit procedures. Many candidates could not give satisfactory answers largely because they do not understand the accounting for government grants. The following were observed:

- Many candidates did not explain the audit risk as required by the question. Audit risk of financial statement assertions relates to what could go wrong in the financial statements and the best starting point is to consider the accounting requirements. In this case the risk is that the grant may not be accounted correctly in line with the relevant accounting standard.
- Some candidates could not give the required 3 audit procedures and so got marks in proportion to the points that were given.

## QUESTION THREE

The general performance on this question was good. Only 156 of the 200 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 78%. The highest score was 19 while the lowest 0 marks out of 20.

This was the most attempted optional question with the highest average score for the optional questions.

### **Part (a)**

This part of the question was on a topic of computer assisted audit techniques which is fully covered in the CA 2.3 examination.

Candidates were expected to apply their knowledge of computer assisted audit techniques to the audit of Kabari Ltd. General answers without applying the theory to the case in the question did not attract maximum marks.

At this level of the examinations candidates are required to use information in the scenario in answering questions and this will be the approach in future examinations.

- (i) This part required candidates to explain the meaning of audit software and to also illustrate the use of audit software in the audit of Kabari Ltd.

The following were observed in the answers given by candidates:

- A few candidates who scored well in this part only explained audit software without illustrating using the scenario as required. Candidates at this professional level should learn to apply the theory they learn to given situations.
- There were clearly wrong answers in explaining audit software such as the following:
  - Audit software is a computerized software used to gather, Analyse, evaluate and possibly decide on data.
  - Audit software is a computerized database or system which is used to store data.

In the above answers no mention of the use of audit software by the auditor is made.

- Many candidates simply did not attempt this part and left it blank.

- (ii) This part of the question required candidates to explain the meaning of test data and illustrate its use in the audit of Kabari Ltd.

The following were observed:

- There were candidates who explained the meaning of test data without illustrating this with the use of information in the question resulting in the loss of marks.
- There were clearly wrong answers in explaining test data such as the following:
  - Test data is a process whereby data is imputed on the system.

- Test data is used to test a particular event before actual implementation.
- Test data is raw materials used by the auditor to test various components of the financial statements.

The above answers suggests lack of understanding of the topic on Computer assisted audit techniques(CAATs) a topic that is covered fully at CA 2.3 and covered in detail at the CA 3.2 level.

## **Part (b)**

This was a question on ethics a topic that is likely to be examined at each examination sitting. The question required in (i) an evaluation of the ethical and other professional issues in the four situations given and in (ii) to suggest suitable safeguards that should be taken to mitigate the threats discussed. The two questions could have been answered at the same time and referenced as Question 3(i)/ (ii).

Each of the four cases contained at least two ethical issues and maximum marks were given in explaining satisfactorily any one ethical threat and the relevant safeguard. Generally the performance in this question on ethics was good and candidates are reminded to ensure that they are able to deal with different ethical dilemmas that may be faced in given scenario because this is a core syllabus area and is most likely to be examined at every examination.

The following were observed:

- o A majority of the candidates scored high marks and showed an understanding of ethical matters in given scenarios.
- o A few lost marks because candidates did not address safeguards for all the ethical issues identified in (i) or they gave wrong safeguards such as punishing the staff who got loans as a safeguard.

## **QUESTION FOUR**

The general performance on this question was poor. Only 6 of the 98 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 6%. The highest score was 11 while the lowest 0 marks out of 20.

Clearly the low average score and the low number of candidates who attempted this question suggest that it was the most challenging question in the examination.

This was a mixed question dealing with three areas of the syllabus and at this level of the examinations candidates were expected to argue and support their answers.

## **Part (a)**

Required candidates to discuss the comment by the newly recruited audit assistant that consulting the firm's tax department would be unethical and specifically referred to the deferred tax amount.

Candidates should have observed that there is nothing unethical in making the consultation with the tax department and that the deferred tax figure has no impact on the actual tax liability.

The following were observed:

Candidates lost marks because they focused on discussing ethical issues in general instead of evaluating the statement by the newly recruited auditor. Candidates should have realized that manipulating the deferred tax amount will not impact on the actual tax due and payable. Because of this it is unlikely that a tax audit or investigation would be required by the ZRA. In answering question of this type candidates should conclude on the validity of the statements by the newly recruited audit team member.

## **Part (b)**

This part of the question required candidates to recommend the work to be performed with regards the purchase of the second hand lathe machine and the related commission paid. The fact that the commission is almost equal to the cost of the second hand lathe machine suggests that something is wrong and the auditors should evaluate the transaction and confirm that there is no money laundering involved which is illegal. Excessive commissions made by entities could suggest noncompliance with laws and regulations and candidates should have taken this approach in answering this part of the question.

A sizeable number of candidates ably related the scenario to laws and regulations. A sizeable number of candidates gave audit procedures that should be performed on the acquisition of the lathe machine with no reference to laws and regulations. Marks were awarded for correct audit procedures for the acquisition of the second hand lathe machine.

It was disappointing to observe that some candidates could not suggest suitable audit procedures on the acquisition of the lathe machine. Candidates appear to have challenges in questions requiring audit procedures and such questions will feature in future examinations.

## **Part (c)**

This part of the question required candidates to evaluate the appropriateness of the contents in an extract from the risk assessment performed in the audit of Puna Plc. To

score maximum marks candidates are expected to argue and support their answers. General answers did not attract maximum marks.

The following were observed:

- Many candidates explained risk assessment which was not asked and no marks were awarded.
- Candidates failed to spot obvious errors such as reference to ISA 37 which is a clear wrong reference should have been IAS 37. The requirement to **evaluate** should have led candidates to **critique** what has been done and comment as appropriate.

## **QUESTION FIVE**

The general performance on this question was poor. Only 4 of the 128 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 3.2%. The highest score was 10 while the lowest 0 marks out of 20.

### **Part (a)**

This part of the question required candidates to explain and discuss the need for a meeting with the directors before the signing of the audit report.

Candidates should have noted that it is part of professional etiquette to discuss the audit opinion before signing the report. The main objective is to give management to respond as they deem fit on the proposed opinion. Further, this meeting will prevent any disagreement that would arise if no meeting was held.

The following were observed:

- Candidates seemed not to understand the requirements of ISA 260 and those of ISA 705 on communication with those charged with governance.
- Several candidates simply did not attempt this part of the question.

### **Part (b)**

This part of the question required candidates to comment on matters during the **review** of the working papers dealing with the matters given in the question. It is very important in the examination for candidates to know which their role is. In this case the audit work will have been carried out and they are reviewing the work that has been done. Giving audit procedures that should be performed in each of the four situation attracted no marks because this would not be addressing the question requirements.

It is important that candidates clearly explain in their answers so that the examiners are clear on what they are bringing across.



The following were observed:

- Candidates gave the audit procedures performed by the audit team instead of considering the matters at the review stage of the audit.
- The answers show clear lack of understanding on the different roles of members of the audit team.

### **Part (c)**

For 2 marks this part of the question required candidates to advise the directors of Bwezi Ltd.

The following were observed:

- Some candidates confused the review at this stage with review engagements which are completely different. The question related to reviews that are carried out regardless of the nature of the engagement.
- Some candidates wrote excessively for 2 marks any comment on the importance of reviews such as part of ensuring quality audit performed could have earned candidates full marks.

### **Overall performance of candidates**

Highest mark obtained in this paper: 64%  
Lowest mark obtained in this paper: 13%  
Overall pass rate in this paper: 17.6%

## **SUBJECT: CA 3.3 STRATEGIC BUSINESS ANALYSIS**

### **QUESTION ONE**

The general performance on this question was poor. Only 93 of the 243 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 38.3%. The highest score was 36 while the lowest 0 marks out of 40.

This was a compulsory question based on a case study and the question had three parts (a), (b) and (c).

Part (a) required the candidates to analyze some of the CRS strategies adopted by the Insurance Company in the case study.

Most candidates could not get full marks because they were just summarizing the case study

Part (b) asked candidates to discuss some of the merits of CRS which made the company to grow.

This part was not answered well by most candidates due to failure to understand the question. Most of were making general statements with no connection to the case study given.

Part (c) required candidates to discuss some of the challenges in managing institutions like Pension funds, insurance and venture capital organization in financial industry.

More than 90% candidates did not fare well on this part. Many avoided the question or just failed to understand the question.

### **QUESTION TWO**

The general performance on this question was good. Only 109 of the 214 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 50.9%. The highest score was 17 while the lowest 0 marks out of 20.

This was a scenario-based question on risk management in the business. It had a total of up to 20 marks.

Part (a) required candidates to give advice on any four sources of risks in a business

Most candidates did well on this part of the question. Those who failed to get good marks could not simply remember specific risks

Part (b) required candidates to use the TARA risk model for risk management options. This question was answered correctly by many of the candidates.

### **QUESTION THREE**

The general performance on this question was not good. Only 62 of the 151 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 41%. The highest score was 15 while the lowest 0 marks out of 20.

This question was a scenario case on strategy decision making using Information systems. It had two question parts.

Part (a) required candidates to draw a typical model of executive Information System (EIS). Most candidates could not reproduce a detailed EIS model correctly.

Part (b) required candidates use the Porters Five Forces model on how information can create a competitive advantage.

Most candidates lost marks on this part of the question because they failed to apply the model in creating competitive advantage.

### **QUESTION FOUR**

The general performance on this question was good. Only 131 of the 217 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 60.4%. The highest score was 20 while the lowest 0 marks out of 20.

This question had two question parts and was on strategic business environmental analysis and planning.

Part (a) required candidates to use the appropriate model to analyze environment and justify the importance of such a model in strategic planning

Most candidates could only discuss the components of the PESTEL model but lost marks on the justification of its importance in strategic planning.

Part (b) required candidates to discuss the three elements of strategic management.

Most candidates could not recall the elements of strategic management.

## **QUESTION FIVE**

The general performance on this question was not good. Only 59 of the 143 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 41.3%. The highest score was 20 while the lowest 0 marks out of 20.

This question had two parts (a) and (b).

Part (a) required candidates to describe any five problems associated with mergers and acquisitions.

Most candidates answered this part of the question very badly.

Part (b) required candidates to calculate the value of the shares from the scenario with a constant growth in dividend

Most candidates answered this part of the question correctly

### **Overall performance of candidates**

Highest mark obtained in this paper: 92%

Average score in this paper: 45%

Overall pass rate in this paper: 47.7%

## **SUBJECT: CA 3.4 ADVANCED TAX**

### **QUESTION ONE**

The general performance on this question was poor. Only 36 of the 93 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 38.7%. The highest score was 34 while the lowest 3 marks out of 40.

Part (a) (i) required candidates to advise on whether a tax audit amounts to a tax investigation and was generally well answered with the exception of a few candidates who failed to provide the appropriate explanations, as they demonstrated a lack of knowledge of tax audits and investigations.

Candidates managed to provide satisfactory answers to part (a) (ii) which required explanations of the three (3) main types of tax defaults which may be uncovered during a tax audit. However, a few candidates demonstrated a lack of knowledge of the types of default and therefore failed to provide the required answers.

Part (a) (iii) required candidates to advise on the amount of income tax payable by a company engaged in farming and was generally poorly answered.

The main challenges faced by the candidates included:

- (i) Failure to make appropriate transfer pricing adjustments on the intra-group sale of goods at a price lower than the arm's length price and on the intra-group loan at an interest rate higher than the arm's length interest rate.
- (ii) Forgetting to gross up the dividends received from a foreign subsidiary, before including it in the income tax computation.
- (iii) Using the wrong tax rates to compute of income tax arising on the farming income and on the dividend income.
- (iv) Failure to calculate the correct amount of double taxation relief available on the dividends received from the foreign subsidiary.

Part (b) (i) required candidates to advise on the rules that govern the deduction of interest expense when computing the taxable business profits and was poorly answered as candidates demonstrated a lack of knowledge of the rules and therefore, failed to provide the required explanations.

In part (b) (ii) candidates were required to compute the taxable mining profit for a mining company and was also poorly answered. The most common weaknesses demonstrated by the candidates included:

- (i) Forgetting to disallow the amount of mineral royalty tax paid on the extraction of copper and cobalt.
- (ii) Failing to identify the relevant disallowed expenditure to add back when computing the taxable profit
- (iii) Failure to calculate the tax EBITDA to determine the amount of the interest expense which was allowable and disallowed.
- (iv) Using the wrong rates when computing the capital allowances claimable by the mining company.

In part (b) (iii) candidates were required to compute the amount of company income tax payable. The following were the most common challenges faced by the candidates in answering in this part of the question:

- (i) Forgetting to gross up the dividends received from the foreign subsidiary before including it in the company income tax computation
- (ii) Using the wrong income tax rate in computing the income tax on the mining income and on the non-mining income
- (iii) Failure to calculate the correct amount of double taxation relief available on foreign dividends.

## **QUESTION TWO**

The general performance on this question was not good. Only 57 of the 87 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 65.5%. The highest score was 20 while the lowest 2 marks out of 20.

In part (a) candidates were required to compute the amount of tax payable by each individual if the business was run as a partnership. The challenges faced by the candidates who scored poor marks on this part of the question included:

- (i) Failure to calculate the final taxable business profit for the partnership
- (ii) Failure to calculate the correct amount of capital allowances
- (iii) Failure to allocate the business profit to the partners
- (iv) Failure to calculate the correct amount of income tax payable by each partner.

Part (b) (i) asked candidates to calculate the amounts of Employees' NAPSA contributions payable by each individual if the business was run as a limited company

and was generally answered well with the exception of a few candidates who forgot to restrict the emoluments to the earnings ceiling for when calculating the NAPSA contributions.

Part (b) (ii) required candidates to compute the amount of income tax payable by each individual if the business was to be run as a limited company and was also well answered except for a few candidates who failed to use the correct income tax bands to compute the amount of income tax payable by the directors. Some candidates were using the company income tax rate.

In part (b) (iii) candidates were required to calculate the company income tax payable. The following are the challenges faced by the candidates who scored poor marks on this part of the question:

- (i) Forgetting to adjust for the personal-to-holder car benefit arising on the personal-to-holder cars provided to the directors.
- (ii) Failure to calculate the correct amount of capital allowances.
- (iii) Failing to calculate the correct amount of employer's NAPSA contributions
- (iv) Using the wrong tax rates to compute the income tax payable by the company.

Part (c) asked candidates to advise on whether the business should be run as a partnership or as a limited company. The most common mistakes made by candidates who performed poorly on this part of the question included:

- (i) Failure to calculate the correct amount of net income under each option
- (ii) Failure to deduct both employees' and employers' NAPSA contributions when computing the net income under each option

### **QUESTION THREE**

The general performance on this question was not good. Only 33 of the 68 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 48.5%. The highest score was 18 while the lowest 0 marks out of 20.

Part (a) asked candidates to explain any six (6) tax incentives available to manufacturing companies and was reasonably well answered. However, a number of candidates demonstrated a lack of knowledge of the incentives and therefore failed to provide the relevant points.

In part (b) candidates were required to advise the directors of the income tax and value added tax implications of financing the acquisition of manufacturing equipment by issuing bonds, a finance lease, an operating lease and issuing equity shares. The

following are the challenges faced by candidates who produced poor answers on this part of the question:

- (i) Failing to explain the tax treatment of the issue costs to be incurred on the bonds were issued to finance the acquisition.
- (ii) Failure to explain and calculate the correct amount of capital allowances claimable on the acquisition of a manufacturing equipment under each option, where applicable.
- (iii) Failure to explain whether input VAT incurred on the acquisition of the manufacturing equipment would be claimable under each option.
- (iv) Failure to explain the income tax implications of interest arising under the finance lease option.
- (v) Failing to explain the tax implications of the issue costs arising under the equity finance option

#### **QUESTION FOUR**

The general performance on this question was good. Only 29 of the 56 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 51.7%. The highest score was 18 while the lowest 0 marks out of 20.

Part (a) (i) required candidates to explain the procedure to be taken to have the employee share option scheme approved for tax purposes and was generally well answered with the exception of a few candidates who failed to provide the required answers.

Part (a) (ii) asked candidates to explain the conditions to be met for an employee share option scheme to be approved for tax purposes and was also well answered. Only a few numbers of candidates failed to provide the required points.

Similarly, in part (a) (iii) most candidates managed to explain the tax benefits arising from an approved employee share option scheme.

In part (b) candidates were required to calculate the amount of income tax payable by a financial institution (Bank). The following are the most common challenges faced by the candidates who performed poorly on this part of the question.

- (i) Failure to differentiate between disallowable and allowable expenses
- (ii) Failure to make the appropriate transfer pricing adjustment on the intra-group loan
- (iii) Using the wrong rates to compute the amount of capital allowances claimable



- (iv) Failure to use the correct income tax rate. Some candidates were using the income tax bands for individuals.

## **QUESTION FIVE**

The general performance on this question was poor. Only 7 of the 54 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 12.9%. The highest score was 19 while the lowest 1 marks out of 20.

In part (a) candidates were required to explain what constitutes a loan to an effective shareholder and the tax implications for the company of making a loan to an effective shareholder. Most candidates demonstrated a lack of knowledge of this topic area and therefore failed to provide the appropriate explanations.

Part (b) required candidates to explain the taxation implications on the director, effective shareholder and the company of the rentals paid by the company on behalf of the shareholder and the director and was poorly answered. Candidates specifically failed to explain the:

- (i) tax implications on the director arising from rentals paid on his behalf by the company
- (ii) the tax implications for the company arising from the rentals paid on behalf of the director
- (iii) the tax implications for the company arising from the rentals paid on behalf of the effective shareholder.

In part (c) candidates were required to explain the tax implications on the director, effective shareholder and the company arising from the provision of personal- to-holder motor cars to the director and the effective shareholder. Most candidates failed to provide the relevant tax implications arising.

Part (d) required candidates to explain the tax implications arising from listing of shares on the Lusaka Securities Exchange. The most common weakness demonstrated by candidates in answering this part of the question included:

- (i) Failure to explain that listing of the shares would result in the reduction in the company income tax rate by 2% in the year of listing.
- (ii) Failure to explain that issuing of more than 1/3 of the company's shares to indigenous will result in a further reduction in the income tax rate by 5%.

- (iii) Failure to explain that dividends which will subsequently be paid by the company will be subject to WHT at the rate of 0%.

**Overall performance of candidates**

Highest mark obtained in this paper: 86%

Lowest mark obtained in this paper: 3%

Overall pass rate in this paper: 40%

## **SUBJECT: CA3.5 ADVANCED MANAGEMENT ACCOUNTING**

### **QUESTION ONE**

The general performance on this question was not good. Only 12 of the 25 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 48%. The highest score was 34 while the lowest 7 marks out of 40.

Common errors encountered included:

- Analyzing retail book industry using PESTEL but without bringing out the areas of main concern to the company.
- Not discussing one of the E's in PESTEL, i.e. environment
- Explaining wrong system implementation strategies such as Ansoff's, Five forces, identifying objectives, systems review, etc. instead of direct changeover, parallel running, pilot, etc.
- Performance assessment: just discussing the assessment without preparing preliminary calculations.
- Not understanding what a critical success factor (CSF) is and, therefore, failing to extract CSF's from the scenario.

### **QUESTION TWO**

The general performance on this question was poor. No candidate out of the 9 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 0%. The highest score was 9 while the lowest 1 marks out of 20.

This question was mainly on the performance evaluation in a not for profit organisation. It required students to be analytical in approach. Clearly, most of the candidates seemed not to understand the topic as they gave generalized answers to the question. Candidates were answering on issues which were not in the scenario.

### **QUESTION THREE**

The general performance on this question was very good. Only 20 of the 24 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 83.3%. The highest score was 18 while the lowest 7 marks out of 20.

The question had three (3) parts.

In part (A), candidates were requested to calculate the net present value and residual income for Division B's investment opportunity. Most candidates calculated the NPV with ease but had challenges in computing the RI. The major weakness was that they could not differentiate the two techniques.

In part (B), the comment was focused on the results of the two techniques (NPV and RI). Since many candidates failed to compute the RI successfully, the comments were generally out of context. Therefore, they could not appreciate the results of the two techniques.

In part (c), only few candidates understood the requirement of the question as many of them could only list the non-financial measures. The question clearly requested for a balanced discussion on the importance of long term non-financial measures as opposed to short term financial measures of performance.

#### **QUESTION FOUR**

The general performance on this question was poor. Only 3 of the 18 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 16.6%. The highest score was 17 while the lowest 2 marks out of 20.

In part (A), candidates were supposed to evaluate the appropriateness of using ROI and RI as a performance measure for Russell Roberts'. Most of the candidates failed to apply the two measures into the scenario.

In part (B), again the candidates were only calculating ROI as opposed to calculating the major measures that would help in assessing performance. Those who calculated a number of ratios failed to interpret them as simply stated either an increase or decrease in the ratio.

In part (C) was completely not understood by candidates as they attempted to answer outside the context. A number of candidates produced long writings which could have used a lot of the exam time for only four (4) marks.

#### **QUESTION FIVE**

The general performance on this question was poor. Only 4 of the 16 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 25%. The highest score was 15 while the lowest 1 marks out of 20.

## **Overall performance of candidates**

Highest mark obtained in this paper: 63%

Lowest mark obtained in this paper: 25%

Overall pass rate in this paper: 21%

## **SUBJECT: CA3.6 ADVANCED FINANCIAL MANAGEMENT**

### **QUESTION ONE**

The general performance on this question was not good. Only 3 of the 27 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 48.1%. The highest score was 26 while the lowest 9 marks out of 40.

Part (a) required candidates to evaluate the financial viability of the proposal to diversify into the manufacturing industry using Adjusted Present Value technique. Part (b) asked candidates to discuss whether diversification through acquisitions is an effective means of reducing risk and securing future growth for GUZ Plc. Finally, Part (c) asked candidates to explain how the inflation rate can affect the financial areas of a business and impact upon its profit performance. Most of the candidates failed to calculate the ungeared cost of equity which was supposed to be used as the discount rate. Some candidates also failed to follow the three steps in calculating the APV i.e. (1) Base case, (2) Financing side effects and (3) Adjusted Present Value. Lastly, surprisingly candidates of knowledge of the impact of inflation on the financial performance of the company.

### **QUESTION TWO**

The general performance on this question was not good. Only 9 of the 19 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 47.4%. The highest score was 16 while the lowest 6 marks out of 20.

Part (a) required candidates to evaluate the decision by the shareholders of ZAN Ltd to list the company on the LuSE by 9 December 2019 and Part asked candidates to determine the Macaulay Duration of the bond and Modified Duration. Most of the candidates failed to apply merits and demerits of listing to the scenario given and some had challenges with calculating duration.

### **QUESTION THREE**

The general performance on this question was good. Only 14 of the 18 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 77.8%. The highest score was 16 while the lowest 4 marks out of 20.

Part (a) asked candidates to discuss the reasons for the differences in the financial objectives of HALoo Ltd and Chewe M Ltd i.e. private vs public sector. Part (b) required candidates to discuss the main differences in the business risks involved in the

achievement of their financial objectives and how these risks might be managed. Lastly, part (c) asked candidates to analyze the impact on the financial strategy of the two (2) companies following the Central Bank's announcement on the increase in the statutory reserve ratio from 4% to 10%. Some candidates failed to identify the differences in business risk and impact on the financial strategy following change in statutory reserve ratio.

#### **QUESTION FOUR**

The general performance on this question was poor. Only 4 of the 18 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 22%. The highest score was 12 while the lowest 1 marks out of 20.

Part (a) required candidates to calculate the Weighted Average Cost of Capital for KHE Plc and Part (b) asked candidates to compute the effective interest rate on the treasury bills and initial margin on the futures contract. Lastly part (c) required candidates to evaluate the outcome of the speculation on the oil prices assuming the futures prices move to \$80.51 the next day. Majority of the candidates did not first ungear the equity to find asset beta and subsequently re-gear the asset beta. Therefore, cost of equity using CAPM was not correctly calculated and hence the WACC was wrongly calculated. Candidates failed to attempt part (c).

#### **QUESTION FIVE**

The general performance on this question was poor. Only 8 of the 21 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 38%. The highest score was 17 while the lowest 2 marks out of 20.

Part (a) required candidates to compute the value of ZamOil Plc using the dividend growth model and P/E ratio methods of valuation and explain their significance to CDC Ltd in comparison to the current market value of ZamOil Plc. Part (b) asked candidates to discuss with the help of examples how producing a Triple Bottom Line (TBL) report may help CDC s' management improve its financial performance. Candidates wrongly calculated the Equity Beta and most of the candidates exhibited lack of knowledge of TBL.

#### **Overall performance of candidates**

Highest mark obtained in this paper: 63%

Lowest mark obtained in this paper: 24%

Overall pass rate in this paper: 34.6%

## **SUBJECT: CA3.7 PUBLIC SECTOR AUDITS AND ASSURANCE**

### **QUESTION ONE**

The general performance on this question was not good. Only 56 of the 118 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 47.5%. The highest score was 35 while the lowest 6 marks out of 40.

This question was a mixture of questions on a range of topics including public sector audits in general, compliance audits and performance audits.

The following observations were made on the individual parts of the question:

#### **Part (a)**

This part of the question required candidates to discuss the need for a performance audit using information in the scenario. General answers about performance audits without using information in the scenario did not attract maximum marks.

A majority of the candidates ably used the available information in discussing the performance audits.

The following were observed for candidates who scored less marks:

- There were cases where no mention of the three elements of a performance audit namely economy, efficient and effectiveness was made. Candidates should have considered these elements and applied them to the information in the question.

#### **Part (b)**

- (i) Required candidates to discuss the need for a performance audit using the information in the scenario.

The following were observed:

- There were answers that did not refer to the information in the scenario. Candidates should have identified the areas where compliance audit will be appropriate.
- A sizeable number of candidates scored full marks because of making reference to the information in the scenario.

- (ii) This part required candidates to describe four audit procedures in carrying out a **performance** audit using the information in the scenario.



The following were observed:

- There were candidates who described audit procedures for a compliance audit and not a performance audit as required. For example 'check compliance with donor agreement'.
- Candidates explained what the auditor needs to know instead of giving the audit procedures. Candidate should have considered the three elements of performance audits in designing suitable audit procedures.

### **Part (c)**

This part of the question required candidates to describe the matters the public sector auditors will require to gain an understanding of during the planning stage of financial, compliance and performance audits.

A majority of the candidates were able to describe such matters but it was disappointing that a majority did not classify these matters according to the three headings. No marks were lost for not doing so, in future candidates should address the question requirements to gain maximum marks.

The following were also observed:

- Some candidates explained audit procedures instead of giving matters that auditor should gain an understanding of in before carrying out each of the three types of public sector audits.
- For 9 marks candidates should as a minimum have given a total of 6 matters to be considered. Candidates should have used their understanding of financial, compliance and performance audits in describing the matters that they need to gain an understanding of.

### **Part (d)**

This was a knowledge based question requiring candidates to describe various methods that the public sector auditors will use in assessing risk through gaining an understanding in accordance with ISSAI 1315. A majority of the candidates ably described the various methods and scored maximum marks.

Candidates were expected to describe any four methods. Those who described less than the four expected scored less than the maximum marks. It was disappointing to note that many candidates scored poorly in this part of the question.

The following were also observed:

- Some candidates gave less than the four methods of gaining an understanding.

- Some candidates confused this method to the methods of obtaining audit evidence during the audit. The question specifically talks of methods at the planning stage of the audit according to ISSAI 1315.

### **Part (e)**

- (i) This part of the question required candidates to evaluate the need for public sector auditing of the recipients of public funds even when they have been audited by independent private sector auditors.

Candidates lost marks and this is attributed to the following:

- Candidates defining types of auditing without any reference to the question requirements.
- Candidates not coming out clearly on the mandate of the OAG and the fact that it is mandated to carry out audits of all recipients of public funds.
- (ii) This part of the question required candidates to explain any four benefits to the SAIs of belonging to the INTOSAI.

Candidates who know the INTOSAI and its roles easily gave satisfactory answers.

Candidates lost marks by giving less than the required number of benefits.

There was a clear indication that candidates lacked knowledge of the existence and role of the International Organization of Supreme Audit Institutions (INTOSAI)

## **QUESTION TWO**

The general performance on this question was poor. Only 94 of the 114 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 82.4%. The highest score was 18 while the lowest 3 marks out of 20.

### **Part (a)**

- (i) This part of the question required candidates to explain the meaning of professional judgment and also to give four examples of situations when it is used in public sector auditing.

The following were observed:

- There were candidates who simply explain the meaning of professional judgment without addressing the second part of the question requiring examples and lost the marks attributed to doing so.
- Other gave less than the four examples and obtained marks in proportion to the number of correct examples given.

- (ii) This part of the question required candidates to explain the meaning of professional skepticism and to also give two examples when it should be applied in the public sector.

The comments made above in (i) apply here and in addition the following were observed:

- No examples given as required by the question.
- Failure by candidate to explain the meaning of professional skepticism.

### **Part (b)**

This was an application question requiring candidates to apply the theory that they learn to a given scenario to evaluate the extent to which the Republic of Dongo applied with the requirements of ISSAI 12.

Candidates at this level should be able to apply the theory to given situations rather than simply learn and repeat theory in the examination.

The following were observed:

- Candidates repeated details in the question without any reference to the three objectives in ISSAI 12 as required by the question. Not relating the answers to the information in the scenario did not attract maximum marks.
- For 12 marks candidates needed to provide a reasonable number of relevant points. It was clear that candidates were not guided by the marks on offer to determine how much to write.

### **QUESTION THREE**

The general performance on this question was good. Only 65 of the 98 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 66.3%. The highest score was 19 while the lowest 0 marks out of 20.

### **Part (a)**

- (i) This part of the question required candidates to discuss the reliability of the written representations that were given by the assistant payables accountant. Candidates are expected at this level to support their answer with valid arguments. Candidates should have commented on the need for the public sector auditor to obtain representations from a member of staff with requisite knowledge and authority.

It was pleasing to observe that most candidates gave valid arguments in support of their answers to this part of the question.

(ii) This part of the question required candidates to discuss the reliability of the written representations given by the Finance Manager on return from the business trip. The candidate needed to exhibit understanding on the date written representation should be obtained in view of the fact that they form part of the evidence on which to base the opinion. Candidates lost marks because they missed the point with regards the date of the written representations from the Finance Manager.

### **Part (b)**

This part of the question required candidates to show an understanding of the general principles in the public sector in accordance with the provisions of ISSAI 100 by evaluating compliance with these principles in the planned audits of missions abroad.

General answers on the general principles without applying to the scenario did not attract maximum marks.

The performance in this part of the question was satisfactory with a majority of the candidates scoring more than half the available marks. A few candidates lost marks because they could not relate their answers to the information in the scenario.

### **QUESTION FOUR**

The general performance on this question was good. Only 68 of the 115 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 59%. The highest score was 20 while the lowest 1 marks out of 20.

### **Part (a)**

This was largely a knowledge based question on ethics and required candidates to explain the ethical requirements for the **SAI** and the **SAI members** with regards the ethical value of independence and objectivity.

It is not enough for candidates to know the ethical values stated in ISSAI 30 but they should recognize that they apply to both the SAI as an institution and the staff of the SAI.

A majority of the candidates answered this part of the question satisfactorily. The following were observed from those who scored less than the expected marks:

- Candidates giving less than the expected requirements for each of the SAI and the SAI staff. The mark allocation of 8 should have guided candidates on the expected points to be made.
- Some answers were too brief with candidates not explaining the requirements clearly.

- There were candidates who did not seem to understand the requirements to the SAI and only gave requirements for the SAI staff. This distinction applies to all the ethical values and candidates should be able to explain the guidance for both the SAI and the SAI staff.

### **Part (b)**

This part of the question required candidates to evaluate each of five suggestions made by the paramount chief which have ethical implications. Candidates were expected to demonstrate their understanding of ethical dilemmas that they may face and should be able to respond appropriately to them.

A majority of the candidates gave satisfactory answers and scored more than half the available marks.

The following were observed from those who scored lower marks:

- Candidates not dealing with all the five suggestions in the question thereby obtaining marks in proportion to the matters considered.
- Candidates failed to agree the acceptable recommendations such as the one on transfer of staff and tried to find something wrong in all the recommendations.

### **QUESTION FIVE:**

The general performance on this question was poor. Only 5 of the 23 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 21.7%. The highest score was 17 while the lowest 0 marks out of 20.

### **Part (a)**

This part of the question required candidates to explain the attributes of an acceptable financial reporting framework.

The performance in this part of the question was generally satisfactory with candidates scoring above half the available marks.

### **Part (b)**

For three marks this part required candidates to explain why an acceptable financial framework may not be relevant in a budget execution audit. Candidates should have observed that the objective in this type of audit is to test the compliance with budgets rather than the basis of preparing the subject information.

Candidates could not ably explain why the financial reporting framework may not be relevant in the budget execution audit. Several others simply did not attempt to answer this part of the question.

### **Part (c)**

Candidates were required to consider possible reasons for refusal by the management of the CAAA to include economic challenges faced by the country in the report.

A majority of the candidates did not answer this part of the question. Candidates should have observed that it is not within the mandate of management of CAA to disclose matters pertaining to the performance of the economy.

### **Part (d)**

This part of the question required candidates to recommend further audit procedures that could be performed in view of the refusal by management to include the economical challenges in explaining the variances.

Candidates should have followed the same approach used in dealing with situations when management refuses to give the auditors information requested and this includes discussions with those charged with governance and the implication that the refusal may have on the audit opinion.

### **Overall performance of candidates**

Highest mark obtained in this paper:	78%
Lowest mark obtained in this paper:	19%
Overall pass rate in this paper:	63.2%

## **SUBJECT: CA3.8 PUBLIC SECTOR FINANCIAL MANAGEMENT**

### **QUESTION ONE**

The general performance on this question was good. Only 5 of the 7 candidates that attempted the question achieved more than 50% of the total marks (score of 20 and above out of 40). The pass rate recorded was 71.4%. The highest score was 25 while the lowest 12 marks out of 40.

Part (a) required candidates to appraise the proposed construction project using the Net Present Value Method and Part (b) asked candidates to discuss the benefits of public private partnership (PPP) models. Part (c) asked candidates to explain five (5) specific actions that can be undertaken to manage capital project risk. Part (d) asked candidates to discuss the reasons for a budget deficit and the impact on the economy. Candidates failed to adequately distinguish between project grants programme and project loans. Explanations were too brief to earn required 10 marks. Lack of depth shows lack of knowledge in some cases.

### **QUESTION TWO**

The general performance on this question was excellent. All 6 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 100%. The highest score was 15 while the lowest 11 marks out of 20.

The performance was excellent. There were 6 candidates who attempted this question and all 6 passed representing 100% pass rate.

Part (a) required candidates to discuss how public sector financial management differs from private sector financial management and part (b) asked candidates to explain the key institutions responsible for public sector financial management in Zambia and provide a brief explanation of their functions.

### **QUESTION THREE**

The general performance on this question was excellent. All 6 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 100%. The highest score was 17 while the lowest 11 marks out of 20.

Part (a) required candidates to explain the five (5) step business case model and identify its key components as developed by HM Treasury in the United Kingdom and adopted by the SADC country in its capital expenditure approval process. Part (b) asked candidates to explain the difference between project grants, programme and

project loans as sources of foreign financing and the constraints on relying entirely on foreign borrowing as a major source of Government financing.

#### **QUESTION FOUR**

The general performance on this question was excellent. All 4 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 100%. The highest score was 12 while the lowest 12 marks out of 20.

The performance was good. There were 4 candidates who attempted this question and 3 passed representing 75% pass rate.

Part (a) required candidates to explain in detail the financial risks that Piopter Plc will be exposed to in the event that the contract is awarded and an advance amount of 60% is disbursed by the Ministry of Health and the amount is deposited in the offshore account. Part (b) required candidates to explain the nature of fiscal risks faced by a public sector entity. Some candidates did not emphasize the main objective of maximization of shareholder wealth. Candidates did not state the declining trend of the acid test ratio. This exposed the firm to risks of exchange rates. This affected selling prices, purchase prices and volumes and eventually affected the company's market position and its value. The fiscal risks not clearly explained. Financial risks associated with this were not explained.

#### **QUESTION FIVE**

The general performance on this question was excellent. All 3 candidates that attempted the question achieved more than 50% of the total marks (score of 10 and above out of 20). The pass rate recorded was 100%. The highest score was 17 while the lowest 14 marks out of 20.

The performance was very good. There were 2 candidates who attempted this question and all the 2 passed representing 100% pass rate.

Part (a) asked candidates to identify and explain any two (2) critical reforms in the area of cash management that will assist Government improve its liquidity. Part (b) asked candidates to explain any five (5) criteria that can be used when evaluating sourcing of financing and evaluate the Public Private Partnerships (PPPs) against these five criteria. Part (c) required candidates to define sustainable debt service and explain the objectives of IMF's framework in relation to undertaking Debt Sustainability analysis.

#### **Overall performance of candidates**

Highest mark obtained in this paper: 74%

Lowest mark obtained in this paper: 50%



Overall pass rate in this paper: 100%