



MARCH 2021 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA
IN
ACCOUNTANCY

PROGRAMME

SUBJECT: DA1 – FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on this question was very good with 35 out of the 47 candidates who attempted the question achieving a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 74.5%. The lowest score was 4 out of the total available 20 marks, whilst the highest scores was 18.

This question is composed of ten (10) multiple choice questions of two marks each from the entire syllabus. Students that performed poorly showed signs of failure to cover the entire syllabus adequately.

QUESTION TWO

The general performance on this question was poor. Only 3 out of the 30 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 10%. The lowest score was 0 out of 20 marks, whilst the highest 17 marks.

The question was divided into three parts. Part (a) of the question required the candidates to prepare ledger for motor vehicle account at cost. The part was answered by most candidates and candidates performed poorly.

Part (b) required candidates to prepare ledger allowance for depreciation motor vehicle account. The question was not well answered. Candidates are encouraged to cover depreciation very well as it is an important part of the DA1 syllabus.

Part (c) required candidates to prepare the motor vehicle disposal account. This part of the question was poorly answered.

QUESTION THREE

The general performance on this question was also poor with only 5 of the 39 candidates who attempted the question scoring 10 marks and above out of 20 marks, representing a pass rate on the question of 12.8%. The lowest score was 0, whilst the highest was 13 marks out of 20.

Part (a) required candidates to identify and briefly explain the five (5) advantages of a conceptual framework. Most Candidates attempted the question and it was poorly done. Candidates are encouraged to study through introduction to DA1.

Part (b) required candidates to identify and explain the five (5) qualitative characteristics of useful financial information. The performance was fair on this part of the question.

QUESTION FOUR

The general performance on this question was poor. Only 2 out of the 27 candidates who attempted the question obtained a score of at least 10 out of 20 marks. The pass rate recorded was 7.4%. The lowest score was 0, whilst the highest 12 out of the available 20 marks.

Part (a) required candidates to prepare stores ledger card using FIFO and AVCO in accordance with IAS2. Most candidates had challenges with this part of the question and this is as a result of not preparing adequately.

Part (b) required candidates to calculate profit or loss and same faced the same challenges indicated in part (a) above.

Part (c) required candidates to briefly explain the advantages of cash flow accounting over profit or loss. Not even one attempted this part of the question and equally here its failure to prepare for exam adequately.

QUESTION FIVE

The general performance on this question was also poor with only 3 out of the 37 candidates who attempted the question achieving a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 8.1%. The lowest score was 0, whilst the highest was 12 out of 20.

The question was divided into three parts. Part (a) required candidate to explain the differences between accrual and cash accounting as well as identify three (3) justifications for adopting accrual accounting for public sector. The part also required candidates to explain the term commitment accounting and illustrate how it could strengthen public financial management. Most candidates attempted this part of the question and the performance was poor.

Part (b) required candidates to describe four (4) fundamental differences between public sector and private entities.

Part (c) required candidates to explain manual and computerized accounting system.

QUESTION SIX

The general performance on this question was good. 31 of the 47 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66%. The lowest score was 2, whilst the highest 19 out of 20.

Part (a) required candidates to prepare the partnership statements of profit or loss and appropriation for the year ended 31 December 2018. This part of the question was attempted by most candidates and the performance was above average.

Part (b) required candidates to explain the 3 disadvantages of integrated accounting packages and none of the candidates attempt this part of the question. Candidates are encouraged to prepare adequately.

Overall performance of candidates

- i. Highest mark obtained in this paper: 60%
- ii. Lowest mark obtained in this paper: 14%
- iii. Overall pass rate in this paper: 10.6%

SUBJECT: DA2 – QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on this question was fair. 21 out of the 42 candidates that attempted the question achieving a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 50%. The lowest score was 2 out of the total available 20 marks, whilst the highest scores was 16.

The question was composed of 10 multiple choice questions drawn from the entire syllabus. Candidates that did not cover the syllabus widely lost marks on the question.

QUESTION TWO

The general performance on this question was poor. Only 10 out of the 31 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 32.3%. The lowest score was 0 out of 20 marks, whilst the highest 17 marks.

The question was in three parts. Part (a) required candidates to use the method of normal distribution to calculate the required probabilities. It was noted that most of the candidates obtained wrong probability values despite recognizing that the normal distribution must be used. The observed mistake was inability to correctly use the normal distribution tables.

In part (b), candidates were required to use the correct compound interest formula to find the rate. Most of the candidates managed to solve the question correctly, except a few who failed due to use of the wrong formula

Part (c) required candidates to use the method of compound interest to calculate the time taken for money to accumulate to the given amount. Most candidates failed due to inability to infuse the concept of logarithms as they attempted to solve for time.

QUESTION THREE

The general performance on this question was fair. 19 of the 40 candidates who attempted the question scoring 10 marks and above out of 20 marks, representing a pass rate on the question of 47.5%. The lowest score was 2, whilst the highest was 20 marks out of 20.

The question was equally divided into three parts. Part (a) required candidates to calculate the mean, variance and coefficient of variation from a set of grouped data.

Most candidates successfully calculated the mean and the variance but failed to calculate the coefficient of variance due to use of wrong formula. They were interchanging the mean and standard deviation, and also forgot to convert variance into standard deviation, hence found wrong values.

Part (b) required candidates to use the method of moving averages to find the trend of given time series data. Most of the candidates successfully calculated the required values. Those who failed mostly could not just add correctly the values available hence got wrong averages leading to wrong trend values.

In part (c), candidates required to use given probability distribution of annual maize yields and obtain a simulation of the crop yield for the next ten years using random numbers. Few candidates successfully solved the question, while the other candidates showed that they did not understand the concept required to solve the problem.

QUESTION FOUR

The best general performance in the paper was on this question. 29 out of the 39 candidates who attempted the question obtained a score of at least 10 out of 20 marks. The pass rate recorded was 74.4%. The lowest score was 2, whilst the highest 20 out of the available 20 marks.

The question had two parts. In part (a), candidates were supposed to use the NPV calculation method to determine if the given projected is a viable project. Most of the candidates correctly solved this question and obtained full marks

Part (b) required candidates to find the standard deviation and the median of the ungrouped data they were given. Most candidates solved the question correctly except for some observed computation errors on few candidates.

QUESTION FIVE

The general performance on this question was poor. Only 1 of the 22 candidates that attempted the question achieving a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 4.5%. The lowest score was 0, whilst the highest was 10 out of 20.

The question had four parts, with the first part (part a) requiring candidates to define systematic and unsystematic risk. It was observed that candidates got wrong definitions, probably due to lack of knowledge of the topic.

In part (b), candidates were given a probability distribution of data involving stocks in various form of the economy and required to calculate expected, monetary value, which they successfully did. They were also required to calculate the standard deviation and coefficient of variation, but could not get correct values due to use of wrong formulae and concept.

Parts (c) and (d) required candidates to use method of compound interest to find future value in part a, and also use the method of compound interest and simple interest methods to calculate the interest rate from the given data of present value, future value and time.

QUESTION SIX

The general performance on this question was fair. 20 out of the 36 candidates that attempted the question achieving a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 55.6%. The lowest score was 0, whilst the highest was 20 out of 20.

The question had three parts. Part (a) required candidates to use the method of probability rules to solve the question with given probabilities. Candidates could not successfully solve this question due to inability to choose the correct probability rule.

In part (b), candidates were required to use the given time series data to calculate moving averages, trend and seasonal variation by the multiplicative model. Most candidates successfully solved this question and were able to obtain maximum marks

Part (c) required candidates to use compounding interest method to find the future value given present value,, rate and time in years. Most candidates failed to solve this problem due to use of wrong formula.

Overall performance of candidates

- i. Highest mark obtained in this paper: 80%
- ii. Lowest mark obtained in this paper: 8%
- iii. Overall pass rate in this paper: 45.2%

SUBJECT: DA 3-BUSINESS ECONOMICS

QUESTION ONE

The general performance on this question was poor. Only 22 out of the 59 candidates that attempted the question managed to score at least 10 out of 20 marks. A pass rate of 50% was recorded. The lowest score was 2 out of the total available 20 marks, whilst the highest scores was 12.

QUESTION TWO

The general performance on this question was good. 17 of the 28 candidates that attempted the question managed to obtain at least 10 out of the available 20 marks, representing a pass rate of 60.7%. The lowest score was 0 out of 20 marks, whilst the highest 20 marks.

This was an optional question under Microeconomics. This was a question on Costs of production. It was divided into three sections namely (a), (b) and (c). Part (a) required candidates to complete a compute the values for Total Revenue (TR), Marginal Revenue (MR) and Marginal Cost (MC). Performance was good though some candidates' presentation of the answers was not good. Some candidates covered a number of pages answering this part of the question due to failure to come up with a table. All that was needed was to add columns for TR, MR and MC. Other candidates who came up with the right table failed to compute the correct values by using wrong formulae. $TR = PQ$, $MR = \Delta TR / \Delta Q$, and $MC = \Delta TC / \Delta Q$. Some candidates were dividing by the quantity instead of change in quantity.

Part (b) required candidates to determine whether the given firm was maximizing profits. This section was poorly done. The condition for profit maximization is $MR = MC$. If candidates computed the correct values in (a) they would have seen that at no quantity is this condition met, hence the firm was not maximizing profits.

In part (c), candidates were required to calculate the highest possible profit for the company. $\text{Profit} = TR - TC$. Candidates who got TR values wrong in part (a) got this one wrong as well. Highest profit is K80 – K68 – K12 at 5 units sold.

QUESTION THREE

The general performance on this question was very good. 23 out of the 30 candidates who attempted the question scored 10 marks and above out of 20 marks available. The pass rate on the question was 76.7%. The lowest score was 0, whilst the highest was 20 marks out of 20.

This was another optional question from Microeconomics, divided into three (3) sections namely (a), (b), and (c). Part (a) required candidates to outline any four (4) factors affecting price elasticity of demand. The performance was ok though some candidates gave the factors affecting demand rather than price elasticity of demand. Candidates are urged to read the question well and address its specific requirements.

Part (b) required candidates to outline any four (4) characteristics of a perfectly competitive market while part (c) required candidates to list any two (2) advantages of vertical integration. Performance on (b) was good while that on (c) was poor. Majority of the candidates seemed not to know what vertical integration is all about. Candidates are urged to study the entire syllabus as different types of integration are fully covered in the Study Guide.

QUESTION FOUR

The general performance on this question was poor. Of the 6 candidates that attempted it, only 2 obtained a score of at least 10 out of 20 marks. The pass rate recorded was 33.3%. The lowest score was 0, whilst the highest 20 out of the available 20 marks.

The question tested candidates understanding on Economic profit versus Accounting profit. The key was to distinguish between implicit costs and explicit costs from the information given. It was divided into three parts (a), (b) and (c).

Part (a) required candidates to calculate economic profits. Candidates need to know that $\text{Economic Profit} = \text{TR} - (\text{Implicit Costs} + \text{Explicit Costs})$. Implicit costs being k40, 000 + k10, 000 interest while explicit costs being K200 000 + k50 000 + k70 000 = k320, 000.

Part (b) required candidates to calculate accounting profit i.e $\text{TR} - \text{Explicit costs}$ while part (c) required them to explain what would happen if the total revenue fell to K360, 000 from K400, 000. The business would be incurring losses.

QUESTION FIVE

The general performance on this question was also poor. Only 1 of the 9 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 11.1%. The lowest score was 0, whilst the highest was 11 out of 20.

This was the first optional question in Macroeconomics and was divided into four (4) parts namely (a) to (d). Part (a) required candidates to explain three conventions used to make national income statistics more comparable. All the candidates who attempted this question failed this part. Candidates were giving three methods of measuring National Income instead for the conventions used to make national incomes

comparable from one period to the next. Expected answers bordered on using real as opposed to nominal values, deflating values and using a single currency.

In part (b), candidates were required to compute Gross Value Added at basic prices from the given information. It was poorly done. This simply GNP – Net property Income from abroad i.e $K25,800 - K210 = K25,590$.

Part (c) required candidates to calculate the multiplier given the MPS. Many candidates could not get this right because they used the MPC wrongly. Multiplier using MPS = simply $1/\text{MPS}$ i.e $1/0.85 = 1.176$.

Part (d) required candidates to explain any three (3) short term sources of capital for companies. Many candidates provided long term source while others went on to put Treasury Bill, Government bonds, and Shares. Answers required were Bank overdraft, credit agreement, Bills of exchange, commercial paper, etc.

QUESTION SIX

The general performance on this question was very good. 19 of the 27 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 70.4%. The lowest score was 6, whilst the highest was 18 out of 20.

The question was divided into four parts (a) to (d). Part (a) required candidates to discuss any four (4) advantages and any four (4) disadvantages of globalization. Performance was fair though some none economics answers featured prominent.

Part (b) required candidates to outline any fiscal policy instruments the Zambian government can put in place to reduce unemployment among the youths. Some candidates provided monetary policy instruments not required. Fiscal policy deals with government expenditure and taxation. So the question was, "how can the Zambian government use its expenditure and taxation to promote youth employment?"

In part (c) candidates were required to calculate opportunity costs for each good in each country to determine comparative advantage. Many candidates failed to compute the correct values let alone determining which country has a comparative advantage and in which good.

Part (d) required candidates to explain the effect Balance of payments current account deficit on a country's external debt. It was poorly done, Key issue is that a current account deficit can be financed by borrowing and in this case the cost of debt servicing increases.

QUESTION SEVEN

The general performance for this question was poor. Of the 27 candidates that attempted the question, only 11 passed. A pass rate of 40.7% was recorded. The highest scored 14 out of 20 while the lowest had 1 mark.

This was another optional question UNDER Macroeconomics. Overall performance was below average at 42%. The highest marks scored was 14/20 while the lowest was 3/20.

The question was divided into five (5) parts. The first part required candidates to explain GDP at market price while the second required them to explain GDP at Factor cost. Both parts were well attempted.

The third part required candidates to state any three (3) economic activities that GDP does not measure while the fourth part required them to compute equilibrium level of output from the given information. Performance on this part question was poor though it is a very common question. Equilibrium condition in a closed economy is $Y = C + I + G$. Substituting and solving for Y gives 300 units.

The final part required candidates to explain any four (4) factors that can influence the amount of savings. Performance on it was fair.

Overall performance of candidates

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|------|--------------------------------------|-------|
| i. | Highest mark obtained in this paper: | 72% |
| ii. | Lowest mark obtained in this paper: | 27% |
| iii. | Average score in this paper: | 62.5% |

SUBJECT: DA4 - INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on this question was very good. 28 out of the 38 candidates that attempted the question managed to score at least 10 out of 20 marks. A pass rate of 73.7% was recorded. The lowest score was 4 out of the total available 20 marks, whilst the highest scores was 16.

The question was composed of 10 multiple choice questions drawn from the entire syllabus.

QUESTION TWO

The general performance on this question was fair. 13 of the 25 candidates that attempted the question managed to obtain at least 10 out of the available 20 marks, representing a pass rate of 52%. The lowest score was 2 out of 20 marks, whilst the highest 18 marks.

The question was divided into four parts. Part (a) required candidates to describe the excel statements and/or formulas used in calculations while part (b) required candidates to differentiate RAM and ROM. Part (c) required candidates to validation test and file checks as process controls part (d) required candidates to state methods used to ensure data security.

The most common mistakes made by candidates on this question were:

- i. Some candidates had problems in explaining how the excel statements are used in calculations.
- ii. Other candidates had problems in explaining how excel formulas are used in calculations.
- iii. It was also noted that some candidates could not explain the chart wizard used in excel well.
- iv. Some candidates also failed to explain the terms validation test and file checks as process check controls correctly.

QUESTION THREE

The general performance on this question was poor. Only 1 of the 15 candidates that attempted the question managed to score above 10 marks out of the 20 marks available. The pass rate on the question was 6.7%. The lowest score was 0, whilst the highest was 15 marks out of 20.

The question was divided into four parts. Part (a) required candidates to state the types of backup while part (b) required them to differentiate between a peer to peer network and a client server network and giving one advantage for each.

In part (c), candidates were required to explain the term data mining and its importance while part (d) required the candidates to list ant five main accounting Information Systems used by business entities.

The most common mistakes made by candidates were as follows:

- i. Failure to state the types of backup.
- ii. Failure to differentiate peer-to-peer network and a client-server network.
- iii. Most candidates failed to explain the term data mining correctly.
- iv. Some candidates could not understand the purpose of data mining.

QUESTION FOUR

The general performance on this question was very good. 24 of the 34 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 70.6%. The lowest score was 4, whilst the highest was 20 out of 20 marks.

Question four equally had four parts. The first part (part a) required candidate to define an operating system while part (b) required them to explain any four functions of the operating system. Part (c) required candidates to explain any three key characteristics of data quality while (d) required candidates to select and list four functions performed by the DBMS.

The following common mistakes were noted:

- i. Some candidates were explain the tasks of the operating system, instead of the functions of the operating systems.
- ii. Some candidate were explaining the key characteristics of information, instead of data quality.
- iii. Some candidates were not selecting functions from the DBMS list that was given.

QUESTION FIVE

The general performance on this question was good. 13 of the 20 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 65%. The lowest score was 0, whilst the highest was 18 out of 20 marks.

The question was divided into two parts. Part (a) required candidates to state any five (5) factors required considering when preparing for an oral presentation while part (b) required candidates to explain the role that questions play during an oral presentation.

The most common mistakes were as follows:

- i. Candidates presented actual notes for an oral presentation with sub headings of a formal report.
- ii. Candidates indicated answers such as the Kiss, PASS and the & CA's to effective communication which was not the case.
- iii. Some candidates presented all the audience's characteristics as one answer.

QUESTION SIX

The general performance on this question was very good. 22 of the 29 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 75.9%. The lowest score was 2, whilst the highest was 19 out of 20.

This question required candidates to write a memo to all staff outlining any five (5) barriers to effective communication as well as state how the mentioned barriers can be overcome.

The most common mistakes made by candidates on this question were:

- i. Failure to indicate the ways to overcome the barriers.
- ii. Barriers mentioned in a memo were not explained part (b) of the question.
- iii. Indicating contact addresses in a memo as though it was a letter
- iv. Mixing up barriers with factors that affect the choice of medium.

QUESTION SEVEN

The general performance for this question was fair. 15 out of the 27 candidates that attempted the question managed to score at least 10 marks out of the available 20. A pass rate of 55.6% was recorded. The highest scored 14 out of 20 while the lowest had 1 mark.

The question required candidates to draw an organizational chart indicating the three major directions of how information flows smoothly in an organization in part (a) of the question. Part (b) required them to provide appropriate examples as they explained Internal communication, bexternal communication and Informal communication.

The following mistakes were noted:

- i. Wrong diagrams (ie circles were drawn instead of an appropriate one)
- ii. Explaining the organization structure which was not the case
- iii. Defining vertical, horizontal and diagonal communication channels which was not the case.
- iv. In question (b) some candidates failed to define / explain the given terms from the question.

Overall performance of candidates

- i. Highest mark obtained in this paper: 87%
- ii. Lowest mark obtained in this paper: 24%
- iii. Overall pass rate in this paper: 71.1%

SUBJECT: DA 5 – COSTING ACCOUNTING

QUESTION ONE

The general performance on this question was poor. Only 22 out of the 58 candidates that attempted the question managed to score at least 10 out of 20 marks. A pass rate of 37.9% was recorded. The lowest score was 2 out of the total available 20 marks, whilst the highest scores was 16.

QUESTION TWO

The general performance on this question was also poor. Only 19 of the 50 candidates that attempted the question managed to obtain at least 10 out of the available 20 marks, representing a pass rate of 38%. The lowest score was 0 out of 20 marks, whilst the highest 20 marks.

Question Two examined marginal and absorption costing. This question was popular with candidates, though the performance of candidates was below average with a pass rate was 36%. Some candidates made a good attempt.

Poorer candidates did not know how to treat the under and over absorption of overheads in absorption costing.

QUESTION THREE

The general performance on this question was good. 34 of the 54 candidates that attempted the question managed to score above 10 marks out of the 20 marks available. The pass rate on the question was 63%. The lowest score was 0, whilst the highest was 18 marks out of 20.

The question was divided into parts a and b. Part (a), had two part (i) and (ii). The performance of candidates in this question was good with a pass rate of 63%. Part (a)(i) was well answered for the majority of the candidates. However, for some candidates showed lack of understanding and wrote general answers which were wrong and scored poorly. Part (a)(ii) on the other hand was poorly attempted with most of the candidates producing common sense answers which were out of the context.

Part (b), this part of the question was poorly answered too as many candidates failed to classify the costs in the question.

QUESTION FOUR

The general performance on this question was fair. 30 of the 56 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 53.6%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

This question also had two parts. Part (a), was well answered with a few candidates having problems in calculating fixed production overheads volume variance. Part (b), this part of question required the candidates to prepare a cost reconciliation statement. It was poorly answered as the majority could not identify the standard cost that needed to be matched against the actual cost.

QUESTION FIVE

The general performance on this question was poor. 2 of the 9 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 22.2%. The lowest score was 0, whilst the highest was 13 out of 20 marks.

This question covered process costing where candidates were required to prepare process accounts and showing the workings clearly. The majority of the answer scripts had poor answers to this question. The performance of candidates in this question was poor with a pass rate of 22%.

Main problem was the determination of the cost per equivalent unit arising from failure to determine the equivalent units.

QUESTION SIX

The general performance on this question was good. 35 of the 57 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 61.4%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

This question required candidates to determine inventory valuation using FIFO, LIFO and AVCO methods. It was the attempted optional question. The performance of candidates in this question was good with a pass rate of 63%.

A good number of the candidates however, had difficulties using the Last in First out method. Also, almost all could not compute the respective net profits.

Overall performance of candidates

- i. Highest mark obtained in this paper: 71%
- ii. Lowest mark obtained in this paper: 18%

iii. Overall pass rate in this paper: 48.3%

SUBJECT: DA6 - BUSINESS LAW

QUESTION ONE

The general performance on this question was excellent. 48 out of the 49 candidates that attempted the question managed to score at least 10 out of 20 marks. A pass rate of 98% was recorded. The lowest score was 4 out of the total available 20 marks, whilst the highest scores was 20.

The question was composed of 10 multiple choice questions drawn from the entire syllabus.

QUESTION TWO

The general performance on this question was also excellent. 42 of the 49 candidates that attempted the question managed to obtain at least 10 out of the available 20 marks, representing a pass rate of 85.7%. The lowest score was 7 out of 20 marks, whilst the highest 18 marks.

This question had four parts, based on partnership, delegated legislation, exemption clauses sale of goods and discharge of contracts. Candidates performed well.

QUESTION THREE

The general performance on this question was fair. 22 of the 45 candidates that attempted the question managed to score above 10 marks out of the 20 marks available. The pass rate on the question was 48.9%. The lowest score was 2, whilst the highest was 19 marks out of 20.

Question had five parts (a) to (e). Part (a) required candidates to state the type of negligence perpetrated by the company while (b) required them to explain why the injured party would not succeed elects to sue Evershine Debt Managers. The common mistake noted on part (a) was that of candidates failing to marry the facts to the law as a consequence consequently failing to state the correct type of negligence. The mistake on part (b) was that of failure to explain the legal implication of suing a party who was not privy to the contract.

In part (c), candidates were required to list the elements of professional negligence. The candidates listed the requirements of general negligence and not negligent misstatement and consequently lost marks.

Part (d) required candidates to list features of a partnership agreement as well as list four differences between a partnership and a limited company while part (b) required to explain the meaning of Constitutional Supremacy.

QUESTION FOUR

The general performance on this question was excellent. 39 out of the 46 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 84.8%. The lowest score was 0, whilst the highest was 17 out of 20 marks.

QUESTION FIVE

The general performance on this question was fair. 17 of the 33 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 51.5%. The lowest score was 0, whilst the highest was 15 out of 20 marks.

The question was divided into parts a, b and c. Part (a) required candidates to differentiate between transfer of property in goods from transfer of risk in goods while part (b) required the them to explain the difference between apparent authority and implied. Candidates appear to have not understood what the question required instead they wrote answers that where far from any law principles under the Sale of Goods Act and as result lost substantial marks. The bad performance on part be has been attributed to candidates' writing of differences about implied agency and agency by estoppel without stating the differences in authority.

Part (c) required candidates to list examples of invitation to treat. This part of the question was well attempted, except the case of few candidates that could not list the required.

QUESTION SIX

The general performance on this question was very good. 15 of the 21 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 61.4%. The lowest score was 4, whilst the highest was 16 out of 20 marks.

This question had two parts a and b. Both of them were situational questions on contract and negligence respectively. It was attempted by a few students and most of them seemed to lack understanding on the topic. Prospective students should be guided on how to identify the elements of Nominal torts.

Overall performance of candidates

- i. Highest mark obtained in this paper: 72%
- ii. Lowest mark obtained in this paper: 28%
- iii. Overall pass rate in this paper: 91.8%

SUBJECT: DA 7–PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on this question was excellent. 19 out of the 21 candidates that attempted the question managed to score at least 10 out of 20 marks. A pass rate of 90.5% was recorded. The lowest score was 6 out of the total available 20 marks, whilst the highest scores was 20.

The question was composed of 10 multiple choice questions drawn from the entire syllabus.

QUESTION TWO

The general performance on this question was also excellent. All the 17 candidates that attempted the question managed to obtain at least 10 out of the available 20 marks, representing a pass rate of 100%. The lowest score was 10 out of 20 marks, whilst the highest 16 marks.

This question had three (3) parts: (a), (b) and (c). It was on leadership. Part (a) required candidates to identify and explain three (3) specific roles of a team leader. This was well answered by most candidates.

Part (b) required candidates to define some terms used in job improvement while part (c) asked candidates to explain delegation in leadership.

QUESTION THREE

The general performance on this question was excellent. 17 of the 19 candidates that attempted the question managed to score above 10 marks out of the 20 marks available. The pass rate on the question was 48.9%. The lowest score was 2, whilst the highest was 20 marks out of 20.

This question had two parts (a) and (b). Part (a) required candidates to identify four (4) main objectives and characteristics of public sector corporations.

Part (b) asked candidates to explain the four (4) advantages of the private limited company form.

This question was attempted by almost all the candidates who also scored good marks. Only few candidates failed on this question..

QUESTION FOUR

The general performance on this question was good. 11 out of the 16 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 68.8%. The lowest score was 3, whilst the highest was 19 out of 20 marks.

This question had three parts: (a), (b) and (c). Part (a) asked candidates to explain the three (3) levels of strategy within an organization. Most candidates answered this part very well.

Part (b) required candidates to explain how they can use the SWOT analysis to analyse the organization competitive position while part (c) required the definition of Mission, Goals and Objective. Overall, the parts were fairly well answered.

QUESTION FIVE

The general performance on this question was poor. Only 3 of the 15 candidates that attempted the question scored of at least 10 out of 20 marks. The pass rate recorded was 20%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

This question had two parts (a) and (b). Part (a) was on Max Weber's theory of bureaucracy. Candidates were asked to explain the five (5) characteristics of bureaucracy as proposed by Weber.

Part (b) asked candidates to state the five (5) economic benefits of entrepreneurship to Zambia. Most candidates failed to answer this question well. Hence it had the lowest pass rate of the whole paper.

QUESTION SIX

The general performance on this question was fair. 8 of the 17 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 47.1%. The lowest score was 5, whilst the highest was 19 out of 20 marks.

This question had three parts (a), (b) and (c). Part (a) asked candidates to, in relation to Vroom's Expectancy Theory of Motivation, to explain the following terms:

- (i) Vroom's Expectancy Theory
- (ii) Valence
- (iii) Expectancy

Part (b) asked candidates to make a presentation and state the benefits of forming a Private Limited Company.

Part (c) asked the candidates to explain the role of leadership in the management of change.

Most candidates answered this question just fairly as more failed than those who passed.

Overall performance of candidates

- i. Highest mark obtained in this paper: 82%
- ii. Lowest mark obtained in this paper: 28%
- iii. Overall pass rate in this paper: 81%

SUBJECT: DA8 FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was excellent. 64 out of the 82 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 78% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 25.

The question required candidates to prepare a set of group accounts comprising the consolidated statement of profit or loss and other comprehensive income, and a consolidated statement of financial position.. Candidates generally did very well on this question. There was evidence of having practised the concept of preparing group accounts.

The following were the mistakes noted:

- i. Some candidates prorated figures in the subsidiary's statement of profit or loss for 7 months instead of 6 months; other candidates added the amounts of income and expenses of the subsidiary to those of the parent company as though acquisition was at the start of the year.
- ii. Majority of candidates failed to calculate accurately the figures for pre-acquisition profit, carrying amount of NCI and that for the associate. Calculation of goodwill was also erroneous for most candidates due to the fact that they had incorrectly calculated the share for share exchange consideration and the net assets on acquisition.
- iii. Some candidates also failed to adjust intercompany transactions and intercompany balances as they required calculation of total revenue involved for 6 months, and the double entry for cash in transit was not so obvious to most candidates. Regardless of the weaknesses highlighted, a good number of candidates managed to score good marks on this question.

QUESTION TWO

The general performance on this question was poor. Only 34 out of the 86 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 39.5% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 25.

This question was one of the two compulsory questions in section A of this paper. It was testing students on the preparation of final accounts. It was a typical question at this level which had three parts;-

- (a) Required students to prepare a statement of profit or loss and other comprehensive income.

- (b) This part required candidates to prepare a statement of changes in equity.
- (c) This part of the question required students to prepare a statement of financial position. Most candidates scored fairly well on this part.

It appears most candidates did not expect the statement of changes in equity to be examined. Some did not even appear to know the format of a statement of changes in equity and such candidates scored poorly on this part. The ones who knew how it should be presented on the other hand scored fairly high marks.

QUESTION THREE

The general performance on this question was fair. 34 out of the 72 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 47.2% was recorded. The lowest score was 3 out of the total available 25 marks, whilst the highest scores was 23.

This question had two parts and was testing candidates on ratio analysis. Part (a) required candidates to calculate comparative ratios from a given set of financial statements while part (b) of the question required candidates to comment on the financial performance of a given company based on the ratios calculated in (a)..

The most common mistakes made by the candidates on each part of the question were as indicated below:

- i. Most candidates were able to correctly calculate the ratios and scored full marks on this part of the question.
- ii. On part (b) of the question, was very little demonstration of the ability to understand the meaning and implication of each ration and how they are inter-linked to provide an overall picture of the performance of a company. Consequently, performance on this question was rather poor. .

QUESTION FOUR

The general performance on this question was also poor. Only 5 out of the 38 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 12.8% was recorded. The lowest score was 1 out of the total available 25 marks, whilst the highest scores was 22.

The question was divided into parts (a) to (c). Part (a) of this question required candidates to calculate the income tax expense, taking into account the overprovision from a preceding year, the estimate of tax on current year profits and a new deferred tax provision that was to be calculated, given the value of timing differences and the tax rate.

Part (b) of the question required candidates to identify amounts to expense to the SPL and amounts to capitalise in respect of research and development expenditure incurred in the year under review.

Part (c) required candidates to state the criteria for classifying an asset as Asset Held for Sales according to IFRS 5.

The most common mistakes noted were as follows:

- i. In part (a) most candidates were ill-prepared for this question as they did not know how to use the given amount of timing differences and the rate of tax. Candidates merely added and subtracted figure without indicating whether they were calculating amounts for the SPL or amounts to be reported in the SFP. The solutions reflected a lack of logical understanding of entries in the income tax accounts involved.
- ii. In Part b) candidates stated correctly that research expenditure would be expenses, but could accurately calculate amounts of development expenditure to capitalise and reported in the SFP, and amounts to expenses to the SPL, despite having the information of the month in which development costs would meet the criteria for capitalisation. They used the K 2000 instead of multiplying by the required number of months to end of the year for capitalisation. As a consequence the amount to report in the statement of financial position and the carrying amount of the intangible asset was incorrectly stated. Some candidates amortised the development expenditure capitalised in the year even though the project had not yet reached its completion stage.
- iii. In part (c), a number of candidates stated correctly the criteria. They however, failed to apply to the machine that had been identify and a possible reclassification item. They could not state correctly at what amount the asset would be reported in the statement of financial position even though they agreed that the asset should be reclassified. .

QUESTION FIVE

The general performance on this question was also poor. Only 4 out of the 44 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 9.1% was recorded. The lowest score was 1 out of the total available 25 marks, whilst the highest scores was 20.

The question was a 25 mark and was based on; functions of the IFRS foundation, objectives of the IASB, due process involved in the formulation of IFRSs and two selected accounting standards (IFRS 15 and IAS 37).

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

- i. The question was either poorly answered or not attempted at all. It appeared that many candidates had little or no brought forward knowledge of IASB structure and due process of developing standards. The Financial Reporting examination requires a deep understanding and knowledge of the Conceptual Framework and IFRSs. Most candidates had a challenges with theory parts. Candidates are strongly advised to balance between theory and computations.
- ii. Swapping of the functions of IFRS foundation and IASB.
- iii. Listing five steps in revenue recognition instead of conditions which should be met for a contract to be within the scope of IFRS 15.

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 (including theory part) in order to increase their chances of passing..

Overall performance of candidates

- i. Highest mark obtained in this paper: 88%
- ii. Lowest mark obtained in this paper: 2%
- iii. Overall pass rate in this paper: 39.5%

SUBJECT: DA 9 – MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was poor. Only 5 out of the 80 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 6.3% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 24.

This question had three parts, (a), (b) and (c). The question was on budgeting which is the most examined topic in the syllabus. The performance of candidates in this question was very poor. Candidates are encouraged to prepare themselves adequately in this topic.

Part (a), required the determination of the cost behaviour pattern and writing down the total cost equation for each cost item using the high-low method.

Most of the candidates performed well with a few having challenges with applying the high-low method and also ignored the fact that the figures were in thousands.

Part (b) required the preparation of a budgetary control statement using the principles of flexible budgeting for the budget period. The performance was very poor as the majority failed to flex the budget to the actual level of activity.

Part (c), required the definition of budgetary terminologies. The majority of the candidates defined all items as being a type of budget.

QUESTION TWO

The general performance on this question was very good. 56 out of the 80 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 70% was recorded. The lowest score was 1 out of the total available 25 marks, whilst the highest scores was 24.

This question has two parts (a) and (b). The performance of candidates in this question was good. Part (a), required candidates to calculate variances. The majority candidates obtained good marks on this part of the question. Some candidates failed to calculate the sales volume contribution variance this is due to failure to calculate the contribution per unit. Some candidates also lost marks due to failure to calculate material mix and yield variances that required the use of standard mix.

In part (b), the majority of the candidates obtained full marks. However, some candidates failed because differentiate between management accounting and financial accounting. The common mistake was to suggest that the financial accounts are audited and management accounting reports.

QUESTION THREE

The general performance on this question was poor. Only 19 out of the 66 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 47.2% was recorded. The lowest score was 3 out of the total available 25 marks, whilst the highest scores was 23.

This question examined decision making (relevant costing and make/buy decision). A good number of candidates attempted this question. However, it was not very well attempted. Problems faced by candidates included failing to explain why a certain cost was relevant or irrelevant as required by the question. Marks were allocated to the explanatory notes and candidates who ignored this requirement lost those marks. The performance of candidates in this question was poor.

In part (b), the main mistake was the comparison of total costs (inclusive of fixed costs) with external purchase price. Future candidates should note that where there are no internal production constraints, the variable or marginal cost of making the components should be compared with the external purchase price of the components. Components should be bought if the external purchase price is less than the variable cost of making and they should be made if the variable cost of making is more than the external purchase price.

QUESTION FOUR

The general performance on this question was also poor. None of the 58 candidates that attempted the question managed to score at least 13 out of the available 25 marks. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 12.

This question covered short term decisions, particularly, product mix or limiting factor decision. There were two parts to the question, part (a) and part (b) required candidates to determine the optimal product mix and explain factors influencing a company's demand for management accounting information respectively. The performance of candidates in this question was very poor. None of the candidates passed the question.

In part (a) of the question, candidates were unable to determine the labour hours per unit, hence could not determine the variable overhead per unit. Consequently, they were unable to get the variable cost and contribution per unit of each product.

Strangely some candidates attempted to calculate the optimal profit without first getting the profit maximising production plan.

Most of the candidates who attempted part (b) of the question did not answer question asked. Instead of bring out the factors influencing a company's demand for

management accounting information such as globalization, increased competition, changing product life cycles etc, candidates discussed the use of management accounting information, difference between management accounting and financial accounting and others discussed qualities of good management accounting information.

QUESTION FIVE

The general performance on this question was also poor. Only 11 the 36 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 30.6% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 23.

The question was discursive with five parts. The performance of candidates in this question was poor. The pass rate was 25%.

Part (a), required the candidates to discuss working capital financing policy and explain the key factors to be considered in formulating it. It was not well answered question as most the candidates were simply listing their points instead of discussing and explaining.

Part (b), required a description of a factor organisation and the services one expects to receive from such an organisation. The descriptive part was well answered but most candidates only managed to give a single service offered by the factor hence reducing the chance of obtaining the available marks.

In part (c), candidates need to explain the economic order quantity (EOQ) model, along with the assumptions it is based on and explain its significance in inventory management. Most the candidates had a challenges in stating the assumption in the model. The scripts showed that most of the candidates are weak in theoretical questions. Hence the poor performance in this part of the question.

In part (d), it was again evident that candidates could only describe instead of explaining the term overtrading. The majority of the candidates could not outline the impact of overtrading on cash cycle of the organisation.

Part (e), had required candidates to discuss treasury management and the benefits of operating a centralised treasury department. This part was poorly answered as most scripts generalised treasury management and the second part of the question was simply ignored.

Overall performance of candidates

- i. Highest mark obtained in this paper: 56%
- ii. Lowest mark obtained in this paper: 9%
- iii. Overall pass rate in this paper: 11.3%

SUBJECT: DA 10 - TAXATION

QUESTION ONE

The general performance on this question was poor. Only 7 out of the 21 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 33.3% was recorded. The lowest score was 3 out of the total available 25 marks, whilst the highest scores was 18.

This question examined taxation of farming operations and was generally poorly answered. In part (a) Candidates were required to compute the maximum amount of capital allowances claimable by the tax payer for the tax year 2020. The performance on this part of the question was fair as the majority of candidates scored good marks. However, a few candidates had challenges in computing capital allowances on farm dwellings which are restricted to K20,000 for each dwelling unit. Additionally, some candidates did not also realize that when an asset is disposed of, and the disposal proceeds are more than the cost then the proceeds will be restricted to the original cost to arrive in computing the balancing charge arising on its disposal.

In Part (b) candidates were required to compute the taxable profit from farming for the tax year 2020. The performance of candidates on this part of the question was . poor as they failed to identify disallowable expenditure which should have been added to the profit before tax and also forgot to deduct non-trading income or investment income to arrive at the final taxable farming profits.

Consequently, candidates also scored poor marks in part (c) which were required a computation of the amount of company income tax payable for the tax year 2020.

The most common weaknesses included using the company income tax rate to compute the income tax payable, instead of taxing farming income separately at 10% and non-farming at 35.

QUESTION TWO

The general performance on this question was also poor. Only 5 out of the 20 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 25% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 17.

This question covered taxation of partnerships. Part (a) required candidates to calculate the provisional income tax paid by the partners for the tax year 2020 and was poorly answered by candidates who failed to produces the required computations. Most candidates made the mistake of using the company income tax rate of 35% to compute the provisional income tax instead of the personal income tax rates for individuals.

In part (b), candidates were required to compute the final taxable partnership profit for the tax year 2020. Most candidates failed to make the correct adjustments in computing the taxable profits as they failed to identify the disallowed expenses which should have been adjusted for in computing the taxable profits.

Part (c) required candidates to calculate the final income tax payable by the partners for the tax year 2020 and was equally poorly answered. The most common mistake made by candidates in answering this part of the question was not deducting capital allowances on motor cars personally owned by the partners from their individual allocated income and not from the partnership profit.

QUESTION THREE

The general performance on this question was poor. Only 1 out of the 14 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 7.1% was recorded. The lowest score was 3 out of the total available 25 marks, whilst the highest scores was 13.

This question examined taxation of investment income and employment income and was poorly answered by the candidates who attempted it. In part (a) candidates were required to calculate the total amount of withholding tax payable by the tax payer for the tax year 2020. The performance on this part of the question was poor as most candidates showed ignorance of withholding tax rates on investment income and therefore failed to make the correct computations.

Similarly, in part (b) which required an explanation of the basis of assessment for employment income candidates scored poor marks as they demonstrated a lack of knowledge of this topic and therefore failed to provide the required explanations.

Part (c) required candidates to compute the income tax payable by the tax payer for the tax year 2020 and was equally poorly answered. The most common weaknesses included:

- i. failing to compute the correct amount of the annual salary and housing allowance to be subjected to tax as they failed to incorporate the salary increase in their computations.
- ii. Failing to distinguish between taxable benefits and exempt benefits.
- iii. Including expenses incurred by the tax payer which are not allowable when computing taxable emoluments in their computations.

QUESTION FOUR

The general performance on this question was also poor. Only 2 out of the 16 candidates that attempted the question managed to score at least 13 out of the

available 25 marks. A pass rate of 12.5% was recorded. The lowest score was 3 out of the total available 25 marks, whilst the highest scores was 13.

The performance of candidates on this question which examined customs and excise duty and Value Added Tax was poor. In part (a) (i) candidates were required to state the requirements an importer needed to meet for a complete customs and excise clearance of the motor vehicle under the Customs and Excise Act. Candidates demonstrated a lack of knowledge of the requirements and therefore failed to provide the required answers. Part (a) (ii), required candidates to calculate the customs value and total import taxes paid on the importation of the car and was generally well answered.

The performance in part (b), which required candidates to calculate the value added tax payable for the month of February 2020, was poor. The most common weaknesses demonstrated by candidates in answering this part of the question included:

- i. Computing input VAT on expenditure on which VAT is irrecoverable, which included petrol, entertainment expenses and utility bills for the director's accommodation.
- ii. Failing to compute the correct amount of VAT on the items which were stated at their VAT inclusive amounts and on those which were stated at their VAT exclusive amounts.
- iii. Failing to apply the partial exemption rules to determine how much of the non-attributable input VAT on the general overheads was recoverable.
- iv. Not indicating with zero items on which VAT is irrecoverable as required by the question.

QUESTION FIVE

The general performance on this question was also poor. Only 1 out of the 13 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 7.7% was recorded. The lowest score was 3 out of the total available 25 marks, whilst the highest scores was 16.

This question examined ethical issues in tax practice and property transfer tax. Part (a), which required candidates to explain how the ethical principles of objectivity, integrity and professional competence and due care., apply to tax practitioners was generally answered well.

In part (b) candidates were required to explain giving reasons how each of the tax payers were to be assessed to income tax and to calculate the total amount of tax paid by each individual in the tax year 2020. Most candidates failed to identify and explain how each business will be assessed to tax and also failed to compute that amount of tax payable by each tax payer and therefore scored poor marks.

In part (c) candidates were required to calculate with reasons the amount of any property transfer tax arising on each transaction .

The performance on this part was fair as most of candidates were able to determine the realized value on each disposal as well as compute the amount of property transfer tax arising. However weaker candidates also computed property transfer tax on transactions which are exempt from PTT as well.

Overall performance of candidates

- i. Highest mark obtained in this paper: 51%
- ii. Lowest mark obtained in this paper: 7%
- iii. Overall pass rate in this paper: 31.8%

SUBJECT: DA11 - PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was poor. Only 32 out of the 98 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 32.7% was recorded. The lowest score was 30 out of the total available 25 marks, whilst the highest scores was 21.

The question was divided into parts (a) to (d). Part (a) required candidates to explain the components of audit risks. Despite the question being straightforward for those who studied this topic, some candidates showed lack of understanding of the topic as a few could only list without explaining. Others went on explaining sampling risk and sampling size. Others correctly stated the components as inherent, detection and control risks. However the explanations were all wrong. For instance some explained that inherent risk are those risks arising from previous year's financial statement and that auditors could not do anything about it. As for detection risk, some explained as those being detected in the absence of appropriate control which was actually wrong.

Part (b) required candidates to identify and describe six audit risks and explain the auditor's response to each risk. The good part is that most of the candidates were able to identify risk in the scenario but failed to describe or explain how these risk impact on the financial statements. A risk becomes an audit risk due to its impact on the accounting transactions which can be either an overstatement or an understatement of accounting transactions. There was also lack of an understanding of what the auditor's response could be. Most candidates explained audit procedures that the auditor should perform but the answers were in form of advice to management on how they should maintain internal controls. Others indicated that auditors should advice management to reverse any capitalized amounts. This was wrong as auditors do not advise those in management.

In part (c), candidates were required to describe four (4) audit procedures you would perform during the inventory counts in the audit of Mamba Co .Ltd.

The best way to answer this question is to begin with an assertion before coming up with an audit procedure. For instance, existence-Inspect the inventory recorded to confirm that it actually the one being recorded. Or accuracy - Cast inventory totals to verify the correctness of the amounts recorded. Others however explained that the auditor should ensure that the inventory presented is true and accurate in the financial statements. It is not the duty of the auditor to ensure that inventory is correctly recorded. Others pared assertion with wrong audit procedures such as occurrence with verifying that inventory does actually exist which is wrong. In terms of cut-off for example, that the auditor should obtain documents and confirm the dates if they are the ones belonging to this accounting year. Other wrong answers asserted that the

auditors should test high value items and evaluate the inventory systems. Most candidates do not follow the requirements but write what they feel is right in their own ways which attract no marks at all.

Part (d) requested candidates to explain the differences between an internal audit and an external audit. Most candidates were able to explain what an external audit is but some expressed lack of understanding of the topic. Some of the wrong answers indicated that an internal audit is an engagement by the client while review engagement is to perform an audit procedure for the previous audit. Others stated wrongly that an external audit is an independent profession expression of financials statements, which actually did not make any sense at all.

QUESTION TWO

The general performance on this question was fair. 49 out of the 98 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 50% was recorded. The lowest score was 1 out of the total available 25 marks, whilst the highest scores was 24.

The question was divided into parts (a), (b) and (c). Part (a) requested candidates to explain two (2) advantages and two (2) disadvantages of documenting the system using flowcharts and narrative. This was a fair question to those who read on this topic. However while a most of the candidates got the answer on flow charts correct, a good number did not write anything on narrative. In that case, they lost mark for narrative.

Part (b) (i) required candidates to identify and explain five (5) deficiencies in internal controls of Munda Co. Ltd. Despite most candidates identifying weaknesses in the scenario, very few put up a valid explanation of why those were identified as weaknesses in the scenario. When the question referred to the scenario, it is expected that a boundary or limit has been set by the examiner. It means you should not refer to anything else but what is in the scenario. It seems most of the candidates do not read the examiners reports. This issue has been explained from time.

Part (b)(ii) was a follow up to (i) above. Those who got the correct weaknesses even got the suitable controls as well. However a good number of candidates failed to suggest a good audit response to the weakness in part (ii).An audit response is essentially an audit procedure. This is what was required of part (iii) as test of controls. Test of controls are audit procedures to confirm if indeed internal controls are working as required as per set objectives.

Part (c) required candidates to explain the three(3) advantages and three disadvantages of Computer Audit Assisted Techniques(CAATS).This part of the

question was well answered. However, even in this case, most candidates failed to apply the use of CAATS to Zenga Chartered Accountants.

QUESTION THREE

The general performance on this question was good. 66 out of the 96 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 68.8% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 22.

The question was also divided into four parts. Part (a) required candidates to explain five (5) ethical threats and explain how each threat can be reduced to an acceptable level. Most candidates answered this part of the question well. For the few who failed to obtain good marks or who did not answer this question well, only gave answers for the first part of the question explaining threats and forgot to explain how such threats could be reduced to an acceptable level. As a result they could not score all the 10 marks. Others were able to identify correct threats but failed to explain how those posed as ethical threats. Others generally lost marks as they could not even use any piece of information as the question had advised.

In part (b), candidates were required to explain the meaning of the term confidentiality and explain mandatory and voluntary disclosures. Most of the candidates were able to explain the meaning of the term confidentiality .However many failed to explain exceptional cases in which actually a public accountant can disclose information such as drug trafficking and money laundering if a client is engaged in any of such illegal activities. This consequently, made them not to get all the five marks allocated.

Part (c) was testing candidates on the application of ISA 260 Communication with those charged with governance. This part of question two was poorly answered. It seems some students do not want to read all parts of the syllabus as evidenced by poor answers on this part. Matters to communicate with those charged with governance include difficulties faced by auditors during the audit and any weaknesses that are observed in the internal control systems.

Part (d) required candidates simply the disadvantages of outsourcing and not explain advantages. Instead of concentrating on the requirements, others went into answering advantages which did not earn them any marks at all.

QUESTION FOUR

The general performance on this question was poor. Only 23 out of the 89 candidates that attempted the question managed to score at least 13 out of the available 25

marks. A pass rate of 25.8% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 20.

The question required candidates to explain the term going concern assumption and responsibilities of auditors and management regarding going concern in part (a). This is the part of the question that some candidates found difficult. As a result, it was left un answered by most of those who attempted to answer this question .Other wrong answers just defined the meaning of going concern as a principle or accounting concept but failed to explain the auditors and management responsibilities regarding going concern. This also shows that most candidates are not studying the text book up to the end. If a candidate had read issues relating to reporting and review, then they would easily find it easy to answer such questions.

Part b) candidates to explain the difference between permanent file and current audit file and state the importance of documenting audit working using working papers. Despite others answering the first part well, they could not attempt the second part of the question which required to explain the importance of documenting audit work.

In part (c) candidates were required to explain five audit procedures for obtaining audit evidence. This was a general question in which candidates did not even need to use the information in the scenario. What was required was actually to relate to the material in the text book they had read or studied. Correct answers include analytical procedures, Enquiry, inspections, observations, recalculations, performance and external confirmations.

Part (d) of the question required candidates to explain the term professional skepticism and the responsibilities of management and auditors regarding the prevention and detection of fraud. Most candidates were able to explain the term professional skepticism but failed to answer well on the responsibilities of management and those of auditors regarding prevention and detection of fraud. Others wrongly explained that auditors should ensure that fraud and errors are prevented when infect that is the responsibility of management. Candidates have been advised through the examiner's report not to use words like `ensure `when referring to auditors work. This may now imply that auditors are now part of management when in fact not.

Part (e) required candidates to simply state the contents of an engagement letter. Most of the candidates who attempted this question, answered this part well. However, wrong question included headings, title, summary and introduction as if it was a report. Others even included the opinion paragraph. An engagement letter contains written terms of engagement such as auditor and management responsibilities, fees or billing arrangement and scope of the audit. This was a text book type of question.

QUESTION FIVE

The general performance on this question was also poor. Only 1 out of the 17 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 5.9% was recorded. The lowest score was 0 out of the total available 25 marks, whilst the highest scores was 15.

Part (a) required candidates to comment on the appropriateness of the briefing notes provided. The requirements of this question was a bit tricky for most candidates owing to the fact that they did not read the briefing notes (i) to (v) as given in the question and then relate to paragraphs in the auditor's report. The main areas of concentration should be on the appropriateness of those briefing notes. This meant the candidates should either have to agree or even disagree on whether the suggested paragraphs were the right ones or correct. A good number of students did not even attempt this part and those who attempted went on to justify their comments without first stating whether the statements in the notes were correct or not.

Part (b) required candidates to discuss the issue regarding inventory of third parties and assess whether it was material or not. The information that was given included some figures which could have indicated clearly to candidates that there was a need to calculate materiality and its impact on the auditor's report. Most candidates avoided this question or failed to calculate materiality and just generally talked about materiality.

The question also tested candidates to explain the impact on the audit report on the unresolved audit issue. Those who answered were able to explain that the audit report should be modified but failed to state the reasons why that should be the case.

In part (c)(i), candidates were required to explain three financial assertions relating to the audit of bank balances at the end of the year. Though most candidates were able to explain the meaning of audit assertions, they actually failed to relate these to the audit of bank balances. It is important again to answer all parts of the question than dodging or avoiding the question requirements.

Part (c)(ii) required candidates explain substantive procedures relating to the bank reconciliation statements. Most candidates expressed lack of knowledge about this topic from the general answers they were giving. They were unable to explain audit procedures relating bank reconciliations such as re-performance of the reconciliations. In the end, a good number of them ended up listing answers such as inquiries, inspections, observations and recalculations.

The question was composed of 10 multiple choice questions drawn from the entire syllabus.

Overall performance of candidates

- i. Highest mark obtained in this paper: 81%
- ii. Lowest mark obtained in this paper: 9%
- iii. Overall pass rate in this paper: 56.1%

SUBJECT: DA 12 - GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was excellent. 32 out of the 40 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 80% was recorded. The lowest score was 10 out of the total available 25 marks, whilst the highest scores was 21.

The question was divided into four parts. Part (a) bordered on business associations, the students were expected to advise the best form of business entity to opt for in the given circumstances. The question was testing the understanding aspect of business entities in Zambia by the students. The ideal business entity to form for the client in this case is Sole proprietorship. It was attempted under Section All the candidates as it was a compulsory question. Most candidates performed quite well. They were able to pick the right business based on the facts at hand. This is an indication that the candidates are somehow not quite familiar with topic. Some totally missed it, this may be due to lack of clear cut understanding and appreciation of the topic. Future students must emulate their colleagues who passed so well by preparing adequately for the examination.

Part (b) anchored on company administration. It required students to appreciate the role of Company auditor and Directors of the company. Some candidates lost marks because they lacked understanding the roles in question.

Part (c) of the question was based on winding up. Some candidates were somehow mixing concepts in some instances. Future candidates are encouraged to read further and appreciate the concepts on winding up in general.

Part (d) required candidates discuss the main powers of a liquidator during the winding up of a company. This part of the question was very well attempted.

QUESTION TWO

The general performance on this question was also excellent with 35 candidates out of the 20 that attempted the question managing to score at least 13 out of the available 25 marks. A pass rate of 87.5% was recorded. The lowest score was 9 out of the total available 25 marks, whilst the highest scores was 24.

This question was divided into parts (a) to (c). Part (a) explain the difference between allotted share capital and paid up share capital while part (b) required them to explain what *preference*, *redeemable* and *ordinary shares* are. Part (c) required the candidates to explain all the types of resolutions that are made at company meetings. All the three parts were well attempted.

QUESTION THREE

The general performance on this question was excellent. 23 out of the 24 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 95.8% was recorded. The lowest score was 12 out of the total available 25 marks, whilst the highest scores was 22.

This question had three parts the first part was on the difference between Articles of Association and shareholders Agreements, the second part was on the difference between a company limited by shares and a company limited by guarantee and the third part was on the procedure to register a company. Most of the candidates that attempted this question did well. Future candidates are urged to read broadly on the subject to be able to have wide knowledge. All the information on the question is in the ZICA study manual and a thorough study of the same is always helpful to the students.

QUESTION FOUR

The general performance on this question was also excellent. 20 out of the 24 candidates that attempted the question managed to score at least 13 out of the available 25 marks. A pass rate of 83.3% was recorded. The lowest score was 8 whilst the highest scores was 21 out of the 25 marks.

The question was also divided into four parts. Part (a) required candidates to discuss the theory of Stockholder while part (b) required them to explain the term corporate Part (c) required them to explain the need for continuing professional development on existing board members as well as consequences of winding up of a company. Most candidates performed well on the question. A few that lost marks did so due to lack of understanding of topics being tested.

QUESTION FIVE

The general performance on this question was excellent and highest in the paper. All the 32 candidates that attempted the question managed to score at least 13 out of the available 25 marks, resulting in a 100% pass rate. The lowest score was 13 out of the total available 25 marks, whilst the highest scores was 24.

The question was divided into parts (a), (b), (c) and (d). In Part (a), candidates were requested to define who a Director is while part (b) required them to explain persons who are disqualified to be appointed as Director. Part (c) tested candidates' understanding of ways in which one can vacate the position of Director while part (d) required them to explain any three (3) restrictions placed on Directors in a company.

Overall performance of candidates

- i. Highest mark obtained in this paper: 85%
- ii. Lowest mark obtained in this paper: 55%
- iii. Overall pass rate in this paper: 100%