JUNE 2021

CHIEF EXAMINERS' REPORTS

DIPLOMA IN ACCOUNTANCY PROGRAMME

SUBJECT: DA1 - FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 199 that attempted the question, only 78 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39.2% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This was a multiple choice question with ten (10) parts.

QUESTION TWO

The general performance on the question was fair. Of the 35 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 51.4% was recorded. The highest score was 15 while the lowest was 1 out of 20.

This question required candidates to prepare books of prime entry and then posting to the ledger. Since the invoice figures included VAT, candidates failed to use the VAT fraction of for vat amount and for Net amounts. The posting to the general ledger also proved challenging.

QUESTION THREE

The general performance on the question was very poor. Of the 177 that attempted the question, only 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 8% was recorded. The highest score was 16 while the lowest was 1 out of 20.

Part 'a" required candidates to update the cash book and then prepare a bank reconciliation statement. Many candidates included the cheque wrongly posted by the bank and left out cheque posted twice in the cash book. Bank error is not updating item in the cash book. In the Bank reconciliation statement, the reconciling items were transported. The candidates should add unpresented cheques to the adjusted cash book balance.

Part "b" required candidates to identify the type of error committed for each given transaction and then show the relevant correcting journal entries.
Candidates lacked knowledge on errors and correcting journal entries due to lack of preparation.

Part c: Required candidates to briefly explain Accounting policies and accounting choices. Candidates handled this part well.

QUESTION FOUR

The general performance on the question was very good. Of the 193 that attempted the question, only 147 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76.1% was recorded. The highest score was 19 while the lowest was 3 out of 20.

This question was on Partnership Final Accounts. All parts of the question were well answered.

QUESTION FIVE

The general performance on the question was very poor. Of the 162 that attempted the question, only 29 managed to obtain at least 10 out of the available 20 marks. A pass rate of 17.9% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question was on incomplete records requiring the candidates to prepare final accounts of a sole trader.

Part "a" required candidates to prepare a statement of profit or loss for the year ended 31 December 2020.

Candidates had challenges on calculating the sales figure and the purchases figure. Candidates are encouraged to use control accounts .e.g. for sales figure use trade receivables control account.

Part "b" required candidates to prepare a statement of financial position as at 31st December, 2020.
The only challenge many candidates had was establishing the opening capital balance.
Candidates should use opening journal entry statement or use the business accounting equation of Assets – Liabilities = Capital.

QUESTION SIX

The general performance on the question was poor. Of the 119 that attempted the question, only 53 managed to obtain at least 10 out of the available 20 marks. A pass rate of 44.5% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question was on accounting for inventories.

Part "a" required candidates to prepare stores ledgers card using FIFO, LIFO and AVCO methods.

Candidates are encouraged to improve on the presentation so as to bring out balances after each transaction.

Part "b" required candidates to prepare statement of profit or loss for each method. Candidates are encouraged to use the following format.

Overall performance of candidates

Highest mark obtained in this paper: 72%
Lowest mark obtained in this paper: 6%
Overall pass rate in this paper: 36.5%

SUBJECT: DA2 - QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was very poor. Of the 136 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 11.8% was recorded. The highest score was 16 while the lowest was 3 out of 20.

This was a multiple choice compulsory question.

The performance was very bad in this section part of the reason may be due to increases number of questions that needed long calculation hence student could have run out of time to solve the questions efficiently. The question covered the entire syllabus hence student still had a wide range of questions to answer despite the poor performance.

QUESTION TWO

The general performance on the question was poor. Of the 101 that attempted the question, only 31 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30.6% was recorded. The highest score was 18 while the lowest was 1 out of 20.

The question had 3 parts;

Part a; the candidates were required to define terms of source of uncertainty in finance. It was observed that most of the candidates failed to give correct definitions. This may be attributed to students' lack of anticipation that definition questions can be asked. It is therefore recommended to encourage candidates to study both numerical calculation and definitions of terms

Part b; the candidates were required to use the given probability distribution table to calculate expected return and standard deviation of the data given. Most of the candidates solved the problem correctly but those who failed could not use the correct formula for the required calculation

Part c; required candidates to use the given grouped data to construct a frequency distribution table and then find the mean and variance. Most candidates managed to solve the question correctly but the ones who failed made error in the construction of the frequency distribution hence could not get correct summation and eventual solutions.

QUESTION THREE

The general performance on the question was fair. Of the 123 that attempted the question, only 58 managed to obtain at least 10 out of the available 20 marks. A

pass rate of 47% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This question had two parts

Part a; candidates were given a problem that involves the use of probability rules particularly the conditional probability method. Candidate did not perform well on this question due to use of wrong probability formula

Part b required candidates to apply the method of regression to calculate the correlation coefficient. Most of the candidates found correct solutions on this question. Those who failed had challenges with getting correct summations.

QUESTION FOUR

The general performance on the question was fair. Of the 114 that attempted the question, only 64 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The question had three parts

Part a; required candidates to use the method of simple interest to solve for the interest and total future value. Half of candidates who attempted this found the correct answer. Other candidates showed they had confusion on the formula to use between the simple interest and compound interest formula.

Part B; required candidates to use the given data to simulate the sales with probability and random numbers that were given. The general performance on this question was very good

Part c; required candidates to use the method of binomial probability distribution to solve the given scenario. Most of the candidates solved the question correctly.

QUESTION FIVE

The general performance on the question was very poor. Of the 55 that attempted the question, only 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 16.3% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question required candidates to summarize a given scenario into linear programming equations and use the linear promising graph to locate he optimum solution. Many candidates avoided selecting this question, and those who di select the question, came up with incorrect inequalities and eventually got very low marks on this problem.

The second part involved use of the basic probability rules to solve a scenario involving given probabilities of two events. The performance was very bad due to use of wrong probability formula.

QUESTION SIX

The general performance on the question was fair. Of the 126 that attempted the question, only 71 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.3% was recorded. The highest score was 20 while the lowest was 2 out of 20.

The first part of the question required candidates to use given data to construct a pie chart and a bar chart. It was observed that the performance was very good on this part except few candidates who wrote bar charts with bars not separated hence lost mars

The second part was a scenario that required candidates to use the method of normal distribution to find probabilities. Most candidates lost marks on this question due to inability to appropriately use the z-tables to find correct probabilities.

Overall performance of candidates

Highest mark obtained in this paper: 74%
Lowest mark obtained in this paper: 7%
Overall pass rate in this paper: 38.1%

SUBJECT: DA3 - BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was fair. Of the 153 that attempted the question, only 85 managed to obtain at least 10 out of the available 20 marks. A pass rate of 55.5% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This was a compulsory question made up of 10 multiple choice questions.

QUESTION TWO

The general performance on the question was very poor. Of the 118 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 8.5% was recorded. The highest score was 14 while the lowest was 1 out of 20.

This was an optional question on Microeconomics. The question was divided into three parts namely (a), (b) and (c) with (c) further divided into (i) and (ii).

(a) Required candidates to define market failure. Most candidates did well except a few who demonstrated that they did not cover this section during exam preparation and ended up providing no-economic answers
(b) Required candidates to describe any three (3) types of market failures. Some candidates failed to state externality, public goods, imperfect information in the market and Market control as the required types.
(c) Tested the candidates' knowledge on price elasticity of supply.
   (i)   Required candidates to calculate price elasticity of supply from the data given in the table using the Midpoint Formula. Performance was below average as some candidates seemed not to know what the Mid-point formula is all about. This requires the use of average quantity and average price. Some candidates used the point elasticity formula which was not required. Candidates are urged to read and understand the question before attempting it.
   (ii)   Required candidates to outline and three (3) determinants of price elasticity of supply. Many candidates did well though others provided determinants of price elasticity of demand instead of supply as required.

QUESTION THREE

The general performance on the question was fair. Of the 80 that attempted the question, only 36 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45% was recorded. The highest score was 20 while the lowest was 1 out of 20.

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

(a) Required candidates to explain any four (4) features of a capitalist economic system. Majority of the candidates understood the question but presented features of a socialist economic system instead of the capitalist economic system as required by the question.

(b) Required candidates to explain any four (4) features of a socialist economic system. Majority of the candidates understood the question but presented features of a capitalist economic system instead of the socialist economic system as required by the question.

(c) Required candidates to explain why most governments prefer a mixed economic system. Performance was fair on this part of the question.

QUESTION FOUR

The general performance on the question was very poor. Of the 106 that attempted the question, only 12 managed to obtain at least 10 out of the available 20 marks. A pass rate of 11.3% was recorded. The highest score was 14 while the lowest was 1 out of 20.

This was another optional question on Microeconomics. The question was divided into four (4) parts namely (a), (b), (c) and (d) as follows:

(a) Required candidates to explain any two (2) reasons why monopolistic completion was considered wasteful. Very few candidates were able to present the correct answers here. The main reason is that many candidates confused monopolistic competition with monopoly.

(b) (i) Required candidates to state the implicit cost of the machine. It's the K100,000 which the machine could be sold at as a scrap metal, that is, the opportunity cost. Very few candidates got this correct. Many couldn't state any figure at all. Others, subtracted K100,000 from K500,000 to have K400,000 as the implicit cost!

(ii) Required candidates to explain whether or not the project was worthwhile. The answer is yes because it would make a profit of K400,000, that is, K500,00 – K100,000. However, many candidates stated that it is not worthwhile.

(c) Required candidates to calculate the firm's marginal cost and average cost from the given table. Performance was good here although some candidates did poorly. MC = $\Delta TC/\Delta Q$ while AC or ATC = TC/Q. Answers are required to be presented in the same tabular format which some candidates did not. Tabular presentation helps make a clear and precise presentation of the calculations.

(d) Required candidates to define normative statement and give an illustration of the normative statement. Surprisingly, performance was very poor. Some candidates bringing out inferior goods, others stated that it is not a statement of fact! A normative statement is a value-laden statement; it involves value judgement.

QUESTION FIVE

The general performance on the question was poor. Of the 123 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30.8% was recorded. The highest score was 16 while the lowest was 1 out of 20.

This was an optional question on Macroeconomics. The question was divided into four (4) parts namely (a), (b), (c) and (d) as follows:

(a) Required candidates to define expectational inflation. There was mixed performance.
(b) Required candidates to describe any three (3) instruments that the Bank of Zambia can use to implement monetary policy. Performance was fair. Candidates were required to explain the use of Discount rate policy, Open Market Operations, Required Reserve ratio policy, moral suasion, and so or their direct derivatives on interest rates, etc.
(c) Required candidates to explain any two (2) disadvantages of globalization. Performance was excellent
(d) (i) Required candidates to define cyclical unemployment. Performance was poor. This is simply unemployment caused by inadequate demand for goods and services in an economy.
(ii)Required candidates to explain how government can use fiscal policy instruments to solve the problem of unemployment. Performance was not that good. Candidates needed to understand that fiscal policy instruments are government expenditure and taxation. So government can increase expenditure and/or give tax holidays to key companies that can create employment

QUESTION SIX

The general performance on the question was poor. Of the 121 that attempted the question, only 48 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39.6% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This was another optional question on Macroeconomics. The question was divided into four (4) parts namely (a), (b), (c) and (d) as follows:

(a) Required candidates to explain any two (2) roles of intermediaries in the financial markets. Performance was average.
(b) Required candidates to outline any two (2) functions of commercial banks. Performance was average. Some candidates confused functions of Commercial banks with 'Objectives" of commercial banks. Worse still, some candidates gave the functions of the Central Bank instead of the functions of commercial banks as required!

(c) Required candidates to explain any three (3) limitations of credit creation by banks. This was poorly done. An indication that some students never covered this topic fully in their preparation for the exam. Common sense answers were given! Lack of demand for loans, operational prudence, central banks effects are some of the limitations required. This has nothing to do with customers defaulting or lacking collateral as given by many.

(d) (i) Required candidates to calculate the equilibrium level of income from the given data. What was required here was the identity $Y = C + I + G$ and then substituting the values in the equation. The common problem was that candidates couldn't solve for Y as required. Notably, candidates failed to subtract 0.8 from 1 i.e. $Y - 0.8Y = 350$ so as to have 1750. Instead, many used 350/0.8!

(ii)Required candidates to the new equilibrium level of income when G increase to 125. All that was required was to use 125 where there was 100 for G above

(iii)Required candidates to determine the level of G needed to achieve a target income of 2000. Set $Y = 2000$ and solve for G. Performance was poor.

QUESTION SEVEN

The general performance on the question was good. Of the 61 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 62.2% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This was another optional question on Macroeconomics. The question was divided into four (4) parts namely (a), (b), (c) and (d) as follows:

(a) Required candidates to give any three (3) reasons why companies locate production facilities in other countries. This part was well answered by many candidates.

(b) Required candidates to differentiate between a tariff and an import quota as a means of reducing the volume of imports. This was well answered as well

(c) Required candidates to explain managed floating as a government policy on exchange rate. Performance was fair.

(d) Required candidates to distinguish between Customs Union and Common market. This part of the question was poorly answered by many candidates. Ideally, in a customs union common external tariffs apply to non-member countries while under a common market there is free movement of factors of production as well as common economic policies.

Overall performance of candidates

Highest mark obtained in this paper: 84%
Lowest mark obtained in this paper: 8%
Overall pass rate in this paper: 37.3%

SUBJECT: DA4 - INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was fair. Of the 184 that attempted the question, only 84 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45.6% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This question was compulsory.

This mainly required candidates to select the best answer from the scenario given. Most candidates who did not perform well on this question failed to select the best option. Hence scored low marks.

QUESTION TWO

The general performance on the question was fair. Of the 55 that attempted the question, only 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 49% was recorded. The highest score was 16 while the lowest was 1 out of 20.

This question required students to have an understanding of IT networks and technological terms. Backing of information on the computer using Incremental and Differential backup.
The common mistakes on the question were:

a) Some students were explaining the local area network, instead of the intranet
b) Some students didn't know what the acronym URL stand for
c) Some students could not identify the parts of the URL
d) Most students failed to explain the types of backup – incremental and differential

QUESTION THREE

The general performance on the question was poor. Of the 165 that attempted the question, only 58 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.2% was recorded. The highest score was 18 while the lowest was 1 out of 20.

This question asked students to state ways of protecting information systems and explaining the DOS attack. It also asked students to state any five functions of the operating system and listing the five primary activities of the value chain model.
The common mistakes on the question were:
a) Some students were not only mentioning malicious software but other ways as well
b) The explanation of Denial of Service attack was not coming out correct

c) Some students were not explaining the functions of the operation system correctly
d) Most students failed to list the primary activities of the value chain model

QUESTION FOUR

The general performance on the question was very poor. Of the 146 that attempted the question, only 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 23.2% was recorded. The highest score was 17 while the lowest was 1 out of 20.

This question asked students to explain the common features or terms of an operating system like GUI, multimedia and icons. The internet and the different services it offers.
The common mistakes on the question were:

a) Some students were mostly explaining that the feature helps to work with graphics and other definitions were not convincing
b) Some students referred to multimedia player for playing music and videos
c) Some students could not explain video conferencing correctly and others explained the intranet, which had nothing to do with it
d) Most students had no idea of features of VPN
e) Some students mistook VPN with personal networks

QUESTION FIVE

The general performance on the question was excellent. Of the 156 that attempted the question, only 134 managed to obtain at least 10 out of the available 20 marks. A pass rate of 85.8% was recorded. The highest score was 18 while the lowest was 1 out of 20.

This question required candidates to write a letter to the organizers of the meeting giving reasons for not attending the meeting from a given scenario in the question. Candidates were also required to suggest other ways of attending the meeting without being physically present. Part (b) required candidates to briefly explain three (3) advantages of using videoconferencing over physical meetings.
Part (c) required candidates to state any two (2) roles of a secretary in a meeting.
The common mistakes on this question were:
a) Most candidates left out one address on a letter instead of two of them
- The subject line and other elements were missing on most answers
-Wrong content was provided especially in the main body of the letter
-mismatching of the letter elements such as the salutation and the complimentary close.
- Very poor grammar was very much exhibited on most letters that were written
b) Most candidates provided wrong content
- Failure to attempt this part of the question

c) Most candidates provided roles of a chairperson or a committee member other than roles of a secretary
- in some cases answers were repeated

QUESTION SIX

The general performance on the question was poor. Of the 112 that attempted the question, only 37 managed to obtain at least 10 out of the available 20 marks. A pass rate of 33% was recorded. The highest score was 18 while the lowest was 1 out of 20.

On this question candidates were required to explain the two parts of a report (i) Acknowledgement and (ii) Executive Summary in part (a) of the question In part (b) they were required to explain any three (3) types of reports used in a business organisation While the last part (c) required them to explain any five (5) factors that need to be considered when writing a report.
The following mistakes were observed:
a) Wrong explanations of the two terms
-   Most candidates defined Acknowledgement as though it was protocol being observed at a meeting.
-   Executive summary was presented as short points that are taken during a meeting.
-   An executive summary was presented as an introduction, main body and a conclusion.
b)   - Failed to identify the types of reports.
      - Failed to explain the types of reports
      - Wrong identification of types of reports presented as business
         Proposals.
      - Repeated answers
      - Very long answers with irrelevant information for answers that has two
         Marks only. ie in some cases an actual report was written which was not
         Supposed to be the case.
 c) - wrong content such as the pass, the Kiss and the & 7C's of effective
        communication was presented.
-   Factors that affect the medium of communication such as distance, need for a written record were also presented as answers.
-   Some candidates indicated that a report should have a date and numbers, that did not clearly bring out the correct answers

QUESTION SEVEN

The general performance on the question was fair. Of the 98 that attempted the question, only 52 managed to obtain at least 10 out of the available 20 marks. A pass rate of 53% was recorded. The highest score was 19 while the lowest was 1 out of 20.

Question required candidates to state any five (5) types of meetings that are conducted in most o organizations in the first part of the question. For part (b) they were required to explain three (3) documents that are used in business meetings. Part (c) required candidates to state any three (3) differences between a meeting and a conference.

The following were common mistakes:

- Failed to identify the types of meetings.
- Failed to explain the types of meeting documents
- Failed to identify the types of meeting documents.
- wrong content on the difference between a meeting and a conference

Overall performance of candidates

Highest mark obtained in this paper: 77%

Lowest mark obtained in this paper: 15%
Overall pass rate in this paper: 44.7 %

SUBJECT: DA5 - COST ACCOUNTING

QUESTION ONE

The general performance on the question was fair. Of the 133 that attempted the question, only 74 managed to obtain at least 10 out of the available 20 marks. A pass rate of 55.6% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This is a compulsory question with 10 multiple choice questions.

QUESTION TWO

The general performance on the question was very poor. Of the 84 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 19% was recorded. The highest score was 17 while the lowest was 1 out of 20.

This question required candidates to explain the cost drivers and cost pools, to calculate the costs per unit using absorption costing and activity based costing(ABC) and then comment on the resulting figures.
The question was relatively popular but the performance was mixed with very poor answers and very good ones.
A lot of candidates struggled with the explanation of cost drivers and cost pools.
Surprisingly, ABC overhead cost calculations were done better than overhead calculations on absorption costing.
Hardly any candidate explained correctly the differences between absorption and ABC costs per unit.

QUESTION THREE

The general performance on the question was fair. Of the 126 that attempted the question, only 63 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question examined on standard costing and variance analysis.
Part (a) (i) required candidates to prepare a standard cost card. A good number of students failed to compute the measure against the rate to arrive at the cost.
Part (a) (ii), required candidates to state four types performance standards. The performance of most candidates was below average as they listing types of costing systems.
Part (a) (iii), required candidates to state five uses of standard costing system. Again students just needed to list the uses, well prepared candidates scored all the available marks but a number of them ended up confusing explanations.

Part (b) the performance of most candidates was good though some students were having challenges in determining the standard cost hence failure to attain the marks available.

QUESTION FOUR

The general performance on the question was very poor. Of the 62 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 17.7% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Part (a) (i) Requested candidates to calculate the average cost per meal served and the average income per served.
The computations were basic in that candidates who understood the concept very well excelled with ease.
Part (a) (ii) candidates had challenges in stating the four (4) main features that differentiate output of service industries and the products of manufacturing industries despite the topic being in the syllabus.
Part (b) on the computation of total profit earned by products X and Y was not well answered as candidates failed to apportion the joint costs both as results most candidates scored lowly.

QUESTION FIVE

The general performance on the question was good. Of the 127 that attempted the question, only 85 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.9% was recorded. The highest score was 20 while the lowest was 1 out of 20.

- Many candidates were not able to prepare the stores under AVCO because of failure to compute the average cost every after a receipt.
- Few students attempted to prepare the profit and loss account and the various valuation methods and a number of those who did forgot to deduct the K3,000 cash expenses.

On a good note, this was the most popular optional question in which high marks were scored by majority of the students.

QUESTION SIX

The general performance on the question was very poor. Of the 103 that attempted the question, only 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 26.2% was recorded. The highest score was 14 while the lowest was 1 out of 20.

This question had two parts (A& B). Part A required candidates to prepare a contract account and the contractee account. Most candidates who attempted this question showed lack of understanding of the basic details of contract accounting.

Figures which were supposed to be on the debit side of the accounting were being shown on the credit side of the account by a number of candidates.

Candidates should study the syllabus wholly to avoid getting stuck and end up attempting questions that they do not understand.

Few candidates were able to prepare the contractee account and obtained all the allocated marks but the majority ended up on contract account that was incomplete.

Part B required candidates to determine the cost of work in progress. This part was poorly answered by candidates and no one answered this part correctly. The majority did not even write anything on it.

Overall performance of candidates

Highest mark obtained in this paper: 74%
Lowest mark obtained in this paper: 7%
Overall pass rate in this paper: 41.1%

SUBEJCT: DA6 - BUSINESS LAW

QUESTION ONE

The general performance on the question was good. Of the 159 that attempted the question, only 108 managed to obtain at least 10 out of the available 20 marks. A pass rate of 67.9% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This question was a Compulsory and consisted of multiple choice questions.

QUESTION TWO

The general performance on the question was good. Of the 119 that attempted the question, only 81 managed to obtain at least 10 out of the available 20 marks. A pass rate of 68% was recorded. The highest score was 20 while the lowest was 2 out of 20.

(a) Under this part, all candidates displayed knowledge on the these sources of law. They are therefore encouraged to continue applying themselves well.
(b) On the concept of constitutional supremacy, three quarters managed to explain the concept and cite the relevant authority. Candidates who did not do well seemed not to be familiar with concept. What is needed going forward is for such candidates to spend enough time studying each topic.
(c) All candidates managed to give the difference between civil and criminal liability.

QUESTION THREE

The general performance on the question was fair. Of the 85 that attempted the question, only 50 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.8% was recorded. The highest score was 16 while the lowest was 3 out of 20.

This question had three parts all on agency. The first part required the students to identify the nature of transaction in which the parties where engaged. Most of the students could identify that it was an agency arrangement. The second part required the students to identify the type of agency and most of them had a challenge on this part. The third part of the question required the students to explain how agency relationship is established; most of them did pretty well.

QUESTION FOUR

The general performance on the question was good. Of the 131 that attempted the question, only 87 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.4% was recorded. The highest score was 18 while the lowest was 2 out of 20.

The question had four parts. The first and second parts dealt with agency. Students were supposed to explain the type of relationship established in the scenario. Part C of the question dealt with agency formation. Students managed to pick out the question's requirements and the performance was good.

(d.i) this question dealt with 3 ways of partnership termination. Candidates managed to explain the various ways of terminating a partnership. Future students are advised to revise the topic and appreciate all its incidents.

(d.ii) Almost all students who attempted this question got it correct, a sign that students appreciate discharge of contract by way of performance.

QUESTION FIVE

The general performance on the question was excellent. Of the 141 that attempted the question, only 124 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.9% was recorded. The highest score was 18 while the lowest was 5 out of 20.

Students were able to bring out issues on partnership formation, the nature of partnerships, bankruptcy, tort of strict liability and ways of dissolving a partnership. Some students got the concepts wrong, this may be attributed to lack of understanding of the subject matters by the students.

QUESTION SIX

The general performance on the question was excellent. Of the 151 that attempted the question, only 130 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86% was recorded. The highest score was 17 while the lowest was 2 out of 20.

a) The question was testing the students understanding of vicarious liability. The students were expected to discuss briefly this topic and advise Ms. Fridah on her liability.

b) This question was based on the rights of an employee. Students did fairly well in this question. Most candidates who answered this question performed quite well though others struggled with the rights. This is an indication that the candidates are somehow not quite familiar with the topic.

c) The question sought understanding of the Sale of Goods Act. Most candidates who answered this question performed quite well though others struggled with the question. This is an indication that the candidates are somehow not quite familiar with the topic. Future candidates are encouraged to address their mind to this topic.

d) This question was based on requirements for establishing a partnership. The performance   was good. Students understood this topic very well. A sign that they were well read on the   same. Some struggled with the topic but still the performance was good.

Overall performance of candidates

Highest mark obtained in this paper: 78%
Lowest mark obtained in this paper: 23%
Overall pass rate in this paper: 56%

SUBJECT: DA7 - PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was excellent. Of the 148 that attempted the question, only 120 managed to obtain at least 10 out of the available 20 marks. A pass rate of 81% was recorded. The highest score was 20 while the lowest was 2 out of 20.

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

QUESTION TWO

The general performance on the question was good. Of the 112 that attempted the question, only 76 managed to obtain at least 10 out of the available 20 marks. A pass rate of 67.8% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This question had three (3) parts: (a), (b) and (c).

Part (a) required candidates to define a mission statement and organizational goals.

Part (b) required candidates to explain what is meant by Objectives must be SMART.
This was not well answered by most candidates as they limited themselves to just explaining the acronym.

Part (c) asked candidates to explain what is meant by "co-ordination" and control in management theory.
This was very poorly answered by almost all the candidates.

QUESTION THREE

The general performance on the question was very good. Of the 109 that attempted the question, only 79 managed to obtain at least 10 out of the available 20 marks. A pass rate of 72.5% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question had two parts (a) and (b).
This question was on Theory X and Y.
Part (a) required candidates to explain the meaning of theory X and Theory Y according to McGregor.
Part (b) asked candidates to use Kurt Lewin's Model to state how his theory and the three-phase model helps managers to break down big changes into more manageable chunks.
This question was attempted by almost all the candidates who also scored good marks. But many candidates also failed on this question.

QUESTION FOUR

The general performance on the question was very poor. Of the 92 that attempted the question, only 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 9.7% was recorded. The highest score was 13 while the lowest was 1 out of 20.

This question had three parts: (a), (b) and (c).
Part (a) asked candidates to explain the three (3) explain the following limitations of job interviews: Hallo effect and Contagious bias.
Most candidates did not understand these concepts well.

Part (b) required candidates to briefly explain trait theories of leadership and state any four (4) qualities a leader should have to be effective according to this theory.
Part (c) required the candidates to outline any five (5) advantages of a matrix structures.

QUESTION FIVE

The general performance on the question was excellent. Of the 138 that attempted the question, only 115 managed to obtain at least 10 out of the available 20 marks. A pass rate of 83.3% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question had three parts: (a), (b) and (c).
Part (a) was on Max Weber's theory of bureaucracy.
Candidates were asked to Outline any four (4) characteristics of bureaucracy.

Part (b) asked candidates to Briefly differentiate the following: Vision and Mission; Stakeholder and Shareholder.
Part (c) required candidates to describe the following components of Emotional Intelligence: Empathy and Self-Awareness.

Most candidates managed to answer this question very well.

QUESTION SIX

The general performance on the question was very good. Of the 137 that attempted the question, only 106 managed to obtain at least 10 out of the available 20 marks. A pass rate of 77.3% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question had three parts: (a), (b) and (c).
Part (a) asked candidates to explain the following as they relate to public sector:
    (i)   Statutory bodies
    (ii)   Commercialization
    (iii)   Public sector organization
Part (b)(i) asked candidates to draw a well labeled diagram of Maslow's hierarchy of needs.

Part (b)(ii) asked candidates to explain Esteem needs and state any one (1) way on how manager can help subordinates meet esteem needs.
Part (c) asked the candidates to explain the importance of the organization understanding of the management significance of a Maslow's hierarchy of needs.

This was a very popular question. Most candidates answered this question well and scored high.

Overall performance of candidates

Highest mark obtained in this paper: 94 %
Lowest mark obtained in this paper: 10 %
Overall pass rate in this paper: 57.2 %

SUBJECT: DA8 - FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was very good.   116 of the 188 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 61.7% was recorded. The lowest mark recorded was 2 while the highest was 25.

This question was a group case study which required candidates to prepare the consolidated statement of financial position for a particular company.

However, candidates erroneously proportioned the subsidiary acquisition when adding across. This is wrong as the statement the candidates were asked to prepare does not take into account the time apportionment like the income statement. This is a common mistake that candidates make in almost all the sitting. For some weaker candidates, they added across the associate. Some candidates had difficulties in calculating the depreciation for 6 months as they mistakenly used the year depreciation. Candidates also experienced challenges in the calculation of deferred consideration particularly the use of discounting factor and correct percentage of the group share in the subsidiary. This calculation also affected the unwinding discount used in the calculation of the group retained earnings. Candidates were taken by surprise to note that the goodwill calculation was negative which is a bargain on consideration. Significant problems were also observed in the computation of the group retained earnings particularly in post-acquisition profit/loss for subsidiary. For subsidiary, candidates preferred to swap the figures for reserves at reporting and acquisition. This was done because the reporting reserves were less than the acquisition thereby resulting in the loss and candidates wished to have positive reserves. Furthermore, additional depreciation was being deducted from the parent rather than the subsidiary thereby affecting the group share of subsidiary profit/loss. Moreover, weaker candidates had problems in correct the treatment of PUP as other added to Parents reserves and some deducted from the subsidiary profit and loss. There several picking errors.

QUESTION TWO

The general performance on this question was very poor. 44 of the 186 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 23.6% was recorded. The lowest mark recorded was 1 while the highest was 25.

This was a Published Accounts case study question which required candidates to prepare the statement of profit or loss and other comprehensive income and statement of financial position for a particular company.

Several candidates treated the bank overdraft as a current asset rather than the current liability. There several picking errors such that a good number of candidates picked K70,400 as the cost of distribution by mistake and yet the correct figure was K46,200. Majority candidates forgot to transfer excess depreciation from the

reserves to retained earnings. Precious time was lost in the preparation of the statement of changes in equity as it was not part of the question requirement. Many candidates lost available mark on misclassification of deferred tax as current liability rather than non-current liability. Valuable marks were lost by candidates who failed to calculate the current depreciation on the revalued amount of buildings which now had a useful life of 33 years (40 -7).

QUESTION THREE

The general performance on this question was poor. 60 of the 163 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 36.8% was recorded. The lowest mark recorded was 0 while the highest was 22.

The question had two parts. The part (a) of the question asked candidates to prepare a statement of cash flows and Part (b) asked candidates to explain the meaning of cash and cash equivalents.

The main figures expected to be calculated by candidates were:

i)   Cash paid to acquire property, plant and equipment;
ii)   Taxation paid;
iii)   Lease rentals paid;
iv)   Dividends received from the financial asset
v)   Cash proceeds from issue of equity shares;
vi)   Profit on disposal of plant; and
vii)   Dividends paid;

Common Mistakes:

In part (a), candidates lost marks by:
i)   Including bonus issue as a cash outflow.
ii)   Not knowing the format for the statement of cash flow. Knowing the format helps in earning free 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.
iii)   Subtracting loss on disposal of plant, instead of adding (reversing).
iv)   Ignoring deferred tax balances in calculating tax paid. Tax paid is computed by taking into account current and deferred tax balances, income tax expense in the profit or loss account.
v)   Not subtracting depreciation charge for the year and carrying value of plant disposed of in computing cash paid to acquire property, plant and equipment.

In part (b) candidates made the following mistakes:

i)   Not attempting this part of the question. This was an indication of candidates not knowing the definition of cash and cash equivalents.

ii)   Rephrasing the same point. This should be avoided at all costs.

QUESTION FOUR

The general performance on this question was poor. 24 of the 64 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 37.5% was recorded. The lowest mark recorded was 0 while the highest was 14.

This was an accounting standards case study question which required candidates to explain the accounting treatment of the transactions in accordance with appropriate IFRSs and relevant computational workings.

Vuvuzela Plc. Vuvuzela's intentions to wind down operations in the scenario was likely to give rise to future obligations such as redundancy pay for all qualifying employees. Candidates needed to mention IAS 37 and its provisions to give specific guidance on the recognition on restructuring provisions. Candidates briefly described what they would do in terms of procedure rather than explaining the accounting treatment of the transactions in accordance with appropriate IFRSs and relevant computational workings.

Brazilion Exploits Plc. This part of the question required candidates to relate to IAS 23 requirement that borrowing costs incurred in connection with the construction of a qualifying asset should be capitalized (included in the total cost of the asset) upon satisfying the rules. Candidates had difficulties to calculate the average interest rate and the interest incurred to be capitalized. Worse still, had significant challenges in the computation of the carrying amount and depreciation charge.

Namste Plc. The company faced with two broad categories of lease contract arrangements: operating and finance lease. The new standard IFRS 16 discourages the distinction of the two types of leases in order to improve consistency in accounting for lease transactions and to prevent off balance sheet financing among other concerns. Candidates erroneously made reference to the old IAS 17 and unleashed all the characteristics that they could remember. This approach earned them very fewer marks. Lamentably, candidates could not categorize the prepayment to be debited and the rental charge to P/L and did not consider the time apportionment. For the part of the finance lease, most of the candidates used a table for in arrears rather than in advance thus affecting the carrying values for liabilities.

Polin Plc. The two standards which the company needed to apply are IAS 16 and IAS 40. The head office building should be accounted for using IAS 16 since it was used for administrative purposes. The leased properties should be accounted for under using IAS 40 investment properties. Candidates focused on the recognition criteria for non-current assets rather than the accounting treatment. On the IAS 40, candidates gave the characteristics of finance and operating lease rather than the accounting treatment.

Shugi Express Plc. This company was faced with IFRS 5 assets held for sale and discontinued operations which provides guidance on how firms should account for assets held for sale. For an asset to qualify to be treated as one which is held for sale the following two conditions should be satisfied: Available for immediate sale in present condition, subject to usual and customary sales terms, and Sale is highly probable. It was so shocking that candidates completely failed to bring out points related to the two conditions but rather chose to unleash the recognition criteria for IAS16.

QUESTION FIVE

The general performance on this question was very poor. 9 of the 87 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.3% was recorded. The lowest mark recorded was 2 while the highest was 18.

This was a question which required candidates to explain and perform minor calculation for the IFRS 9 Financial Instruments requirements for initial measurement and subsequent measurement of Equity Financial Assets, ascertain the initial and subsequent measurement of building construction and recognition criteria for IAS 16.

(a) This part required candidates to explain the IFRS 9 Financial Instruments requirements for initial measurement and subsequent measurement of Equity Financial Assets. Candidates were completely out of synch with the provisions of this standard. Some could unleash recognition criteria for IAS 16 and IFRS 5.

(b) This part required candidates to explain and show the effect of the IFRS 9 transactions in the financial statements. Candidates performed better on the calculation and failed to provide some relevant explanations.

(c) (i) Candidates were required to ascertain the initial and subsequent measurement of building given the detailed description of transaction items. Candidates performed well in this section, however, they lost available marks for not explaining the reasons for inclusion and exclusions.
(ii) Candidates were required to briefly explain the recognition criteria for tangible non-current assets in accordance with IAS 16 Property, Plant and Equipment. This part was fairly done well though we had few candidates who could not remember the criteria and most of the descriptions were old ones before 2018 revisions.

Overall performance of candidates

Highest mark obtained in this paper: 74%
Lowest mark obtained in this paper: 3%
Overall pass rate in this paper: 38.5%

SUBJECT: DA 9 - MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was very poor. 43 of the 195 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 22% was recorded. The lowest mark recorded was 0 while the highest was 19.

This was one of the compulsory questions. As such it was a popular question though not all candidates attempted it. The performance by candidates was below average. Examiners will continue testing future candidates on this topic.

Part (a) requested for candidates to prepare a cash budget for months 1 to 6 showing the balance of cash at the end of each month together with a suitable analysis of the receipts and payments during each month.
Examiners witnessed varying solutions in this section in that candidates found it difficult even to the lay the template as prescribed. The six (6) months horizon period proved a challenge to many candidates who could just to as far as 3 to months. The majority of candidates failed to account for the brought forward balances and could not account for the inventory of finished goods. As a result there was failure to score the desired marks on this part.

Part (b) was basically requesting candidates a discussion of the matching concept, emphasizing that revenues and expenses may not be attributed to the period when the associated cash inflows occur. Generally candidates scored highly on this part.

Part (c) was on the possible ways of improving cash management. Still the responses by candidates were convincing. The answers were supposed to be both based on scenario and the generic knowledge.

QUESTION TWO

The general performance on this question was very poor. 14 of the 193 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 7.3% was recorded. The lowest mark recorded was 0 while the highest was 25.

Question two examined standard costing variance analysis.

Part (a) required the production of a standard product cost sheet of one unit. To do so one required to understand the working of variances backwards.
There was dismal performance on this part suggesting that lecturers are not teaching the calculation of variances backwards or students are not paying attention to this sub-topic.

In part (b) a number of candidates gave meaning of variances instead of reasons for variances. Candidates should have realized that variances were given in the question as either favourable or adverse. However, poorer candidates gave reasons for both adverse and favourable variances.

Part (c) was also poorly answered by nearly all the candidates. They explained the differences between Marginal Costing (MC) and Absorption Costing (AC) profits, i.e. MC only includes variable costs but AC includes both variable and fixed costs.

It should be noted that the question required candidates to explain why the variances used to reconcile profits in a standard MC system are different from those used in a standard AC system.
The right answer should have stated that there are no fixed volume variances in the MC reconciliation format but only fixed expenditure variances. In addition, in the MC reconciliation format budgeted units are valued at the contribution per unit whereas in the AC format the budgeted units are valued at the standard profit per unit.

QUESTION THREE

The general performance on this question was fair. 72 of the 144 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 50% was recorded. The lowest mark recorded was 0 while the highest was 24.

However, the following challenges were noted:

- In many instances where students failed to do the calculations that would support as result resorted to taking decisions without supporting evidence. Such action did not attract any additional marks.
- Breakeven question – Many failed to calculate the breakeven points (units and values) to the adjusted part of the question.

QUESTION FOUR

The general performance on this question was poor. 31 of the 97 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 31.9% was recorded. The lowest mark recorded was 0 while the highest was 23.

This question had three parts (A, B & C) and was testing candidates on working capital and over trading. It was the least attempted question.

Part A required candidates to calculate the operating cycle in days of the company. Only a single candidate was able to calculate correctly the operating cycle of Tumelo Company. The majority made mistakes on how to calculate raw materials and work

in progress. The majority of candidates scored good marks on this part of the question despite not getting everything correct.

Part B required candidate to discuss the statement of overtrading and discussing it in reference to the answer in Part A. while the majority obtained good marks here, it was shocking that a good number of candidates could not define overtrading and how it comes about.

Part C required candidates to outline the main types of decision that can be provided by the management accountant. This part was reasonably answered well with few student providing general statements and guess work answers.

QUESTION FIVE

The general performance on this question was not poor. 51 of the 155 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 32.9% was recorded. The lowest mark recorded was 0 while the highest was 25.

This question examined decision making (Limiting factor analysis) and the modern management techniques.

The question had two parts (A & B) with sub-parts.

Part (a) (i), required the candidates to explain the term 'limiting factor' in a production strategy. A few of candidates managed to define the term and its importance in a production strategy.

Part (a) (ii), of the question requested for an advice on the most appropriate mix if labour hours were limited to 45,000 hours in the period. It was surprising that candidates could advise without supporting computations and this was the same with part (a) (iii). This clearly showed that they did not understand the topic.

Part (b), most candidates failed to define and mention the use of the modern management accounting techniques.

Overall performance of candidates

Highest mark obtained in this paper: 81%
Lowest mark obtained in this paper: 6%
Overall pass rate in this paper: 34.2%

SUBJECT: DA10 - TAXATION

QUESTION ONE

The general performance on this question was good. 62 of the 102 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 60.7% was recorded. The lowest mark recorded was 2 while the highest was 24.

This question had five parts (a), (b), (c), (d) and (e).

In part (a) candidates were required to distinguish between Tax planning and Tax avoidance which is that tax planning is a case of minimising or deferring of tax liability by utilising various provisions of the law utilising such exemptions and /or reliefs and by structuring a transaction in a different way. And tax avoidance involves a taxpayer taking advantage of loopholes or weakness and mismatches in the tax law to minimise or deter tax liabilities.

Most common mistakes made by the candidates:
Unfortunately ill prepared candidates were unable to define what Tax planning and how it is achieved
Some candidates were unable to define what Tax avoidance is and wrongly stating that Tax avoidance is illegal

In part (b) candidates were required to calculate the capital allowances for a limited company involved in farming for the 2021 tax year which would be at 100% for farm implements and machinery and at 10% for development expenditure and 20% for motor cars capable of private use.

Most common mistakes made by the candidates:
Inability of some candidates to apply the correct wear and tear allowance rates and hence computing a wrong capital allowances

In part (c) candidates were required to calculate taxable business profit for the tax year 2021. This would involve adding back non allowable expenses including taxable benefit on personal to holder cars and deducting capital allowances income.

 Most common mistakes made by the candidates:

Most failed to compute the correct Tax adjusted profit because of failure to add back the correct figures and deduct the correct allowables.

In part (d) candidates were required to calculate the company income tax payable by the farming company for the tax year 2021 which would be at 35% on investment income and 10% on farming profits which would then be reduced by withholding tax and provisional taxes already accounted for.

Most common mistakes made by the candidates:

Most candidates were unable to compute the correct company taxable business profit because of failure to have a correct amounts on investment income

And in part (e) candidates were required to explain the two (2) circumstances in which a farmer may be allowed to average profits of two (2) different accounting periods. Which are when there is a loss in one consecutive year and a profit in the other consecutive year and when profits for one consecutive year is substantially lower than the profit for the other year

Most common mistakes made by the candidates:
There were minimal mistakes on this part of the question

QUESTION TWO

The general performance on this question was very not fair. 46 of the 99 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 46.4% was recorded. The lowest mark recorded was 1 while the highest was 23.

This question had three parts (a), (b) and (c).

In part (a) candidates were required to calculate the amount of withholding tax paid on each type of investment income and the total withholding tax relating to dividends from a public limited company, royalties, rental income, bank interest and treasury bill interest. It is to be noted that no withholding tax would be applicable on such dividends and bank interest. It was only on the royalties, the rental income and treasury bill interest that the withholding tax would be charged and the rental income and treasury bill interest would be final.

Most common mistakes made by the candidates:
Most candidates failed to appropriately allocate the period of employment by Kennedy Mazimba who worked only for 9 months. Most of them were taking a full 12 months period. This resulted in inappropriate incomes

In part (b) candidates were required to calculate the final amount of income tax payable by an individual tax payer for the tax year 2021 from employment and investment income.

And in part (c) candidates were required to explain the basis of assessment for employment income which is that of net receipts meaning that income from employment is taxed when it is received and is deemed to have been received on the earlier of the time when the employee becomes entitled to the employment income and the time when the emoluments are actually received by the employee.

Most common mistakes made by the candidates:
Failure to define the basis of assessment of employment income

QUESTION THREE

The general performance on this question was very poor. 21 of the 71 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 29.5% was recorded. The lowest mark recorded was 2 while the highest was 17.

This question had three parts (a) (i), (ii) and (iii), (b) (i) and (ii) and (c).

In part (a) candidates were required to explain how the basic tax point is determined, the circumstances under which this basic tax point could be changed, any four circumstances under which a registered trader may be deregistered for value added tax purposes and three advantages of voluntarily registering for VAT. For this purpose, tax point is the time when a supply is deemed to have taken place and the basic tax point is the time when goods are made available or services rendered to a customer. All in all, the basic tax point can be changed if the tax invoice is issued before the basic tax point. In which case the tax point is the date when the tax invoice is issued. And also the tax point can be changed when the tax invoice is issued within fourteen (14) days after the basic tax point; in which case the tax point is the time when the tax invoice is issued.

Most common mistakes made by the candidates:
Candidates failing to define a basic tax point and eventually failure to determine the circumstances under which a basic tax point can be changed

Most candidates were unable to state when a tax invoice can be issued and basically to explain when the basic tax point can be changed.

When it comes to deregistration, a trader may be deregistered in circumstances when the business is sold or cease to trade permanently, when the Zambia Revenue Authority is satisfied that the trader is no longer making taxable supplies nor

intending to make taxable supplies, when there is a change in the legal status of the business of the trader, whenf a trader who had applied for registration before commencing trading and fails to commence trading on the expected date, when a trader submits nil returns for twelve (12) consecutive standard periods and when n a trader's VAT exclusive turnover of taxable supplies falls below the registration threshold.

The advantages of registering for VAT voluntarily are that the trader will be able to reclaim input VAT on expenses as long as that input VAT is recoverable, giving an impression of a substantial business will be given since it is believed that traders should only register for VAT if the turnover is substantial and also the business will compete well with other businesses which are registered for VAT in that their cost will not be distorted by being VAT inclusive.

In part (b) candidates were required to outline the circumstances under which some services may be deemed to have been imported in Zambia and to give any five (5) examples of such services on which reverse VAT is chargeable.

In this case, a service will be considered to be imported if it is performed or undertaken in Zambia or it is utilised in Zambia regardless of where they are performed from. Such services would include management and other consultancy services, technical advisory services, marketing information and inland transportation services

Most common mistakes made by the candidates:

Lack of knowledge exhibited by most candidates to explain what a Reverse charge is and the type of services charged thereon.

And in part (c) candidates were required to compute the value added tax payable by a tax registered person for the month of October 2021 indicating in the computation using a zero (0) for all items on which VAT is neither payable nor recoverable.

Most common mistakes made by the candidates:

Inability by most candidates to calculate the correct output VAT and how to apportion the standard rated sales

QUESTION FOUR

The general performance on this question was very good. 68 of the 97 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 70.1% was recorded. The lowest mark recorded was 1 while the highest was 25.

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

In part (a) candidates were required to explain the role of the customs services division of the Zambia Revenue Authority and to calculate the customs value of the vehicle and the total amount of imported taxes paid on the importation of the Toyota Allion Car.

The roles (functions) of the Customs Services Division of the ZRA would include the collection and management of customs and excise duties and other duties, licencing and control of warehouses and premises for the manufacturing of certain goods, regulation and control of imports and exports, facilitation of trade, travel and movement of goods and providing statistical data to the Government on imports and exports

The computation of import duties is based on value for duty purposes and can be for second hand cars or new cars which is obtained from prescribed tables.

Most common mistakes made by the candidates:

There were minimal mistakes on this part of the question

And In part (b) candidates were required to calculate the income tax payable by each of the given three partners for the tax year 2021 which involved a change in partnership.

When there is a change in the partnership during the tax year, the taxable profits are divided into the different periods of the partnership before being appropriated to the partners in accordance with the partnership agreement.

Most common mistakes made by the candidates:

Failure by most candidates to time apportion the salaries and incomes in a period of 4 months and 8 months respectively

Candidates failure to apportion the business use of partners motor cars as stipulated in the question

QUESTION FIVE

The general performance on this question was very poor. 6of the 34 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 17.6% was recorded. The lowest mark recorded was 3 while the highest was 15.

This question had four parts (a), (b), (c) and (d).

In part (a) candidates were required to state the two (2) operating divisions of the Zambia Revenue Authority and to briefly describe the main function of each operating division.

The two operating divisions of Zambia Revenue Authority are the domestic taxes and the customs services division and their main functions are:

Domestic taxes division is responsible for the administration of all the domestic taxes as well as domestic value added tax on supplies which are made within the republic of Zambia. Excise duty on locally produced goods is also part of the domestic taxes and is therefore administered by the division.

The Customs Services Division deals with all the forms of import taxes which includes Customs duty, Import VAT and excise duty on imported goods. It is also responsibility in ensuring that dangerous goods are not imported and that international trade is promoted.
 Most common mistakes made by the candidates:

Most prepared candidates were unable to state the two operating divisions of Zambia Revenue Authority

In part (b) candidates were required to explain seven (7) methods used to value locally manufactured goods for excise duty purposes which would include the price at which a licensed manufacturer or exercisable goods offers the goods for sale on the open market, the lowest price at which identical goods in the same quantity are sold within Zambia by another licensed manufacturer in open market, the lowest price at which identical goods in different quantities are sold within Zambia by another licensed manufacturer in the open market, the lowest price at which similar goods in the same quantities are sold in Zambia by another licensed manufacturer in the open market, the lowest price at which similar goods in different quantities are sold in Zambia by another licensed manufacturer in the open market, the price which the goods would fetch less profit and other costs beyond the manufacturing level and the computed value comprising the cost of production, profit and other costs to the manufacturing level.

Most common mistakes made by the candidates:
There were minimal mistakes on this part of the question

In part (c) candidates were required to calculate the amount of income tax payable by Gabriel in the tax year 2021 and explaining how each of the given amounts of investment income received by Gabriel, would be dealt with in the computation.

The calculation of income tax payable on the investment income for the tax year 2021 would be such that withholding tax paid on dividend is computed at the rate of 15% will be a final tax and as such the dividends will not be included in his personal income tax computation, the withholding tax on bank deposit interest is 0% and it is

a final tax and therefore the bank interest will not be included in his personal income tax computation and the consultancy fees and royalties suffers WHT at the rate of 15% which is not final and as such are included in the personal income tax computation.

Most common mistakes made by the candidates:
Some candidates were unable correctly calculate the consultancy fees received gross royalties received
Most candidates failed to calculate the WHT on dividends and bank deposit interest and consultancy fees

And in part (d) candidates were required to explain, giving reasons, whether each one of the given companies would be regarded as being resident in Zambia for taxation purposes. A company is considered to be resident if it is incorporated in Zambia and also when its place of control is in Zambia.

Most common mistakes made by the candidates:
Some candidates failed to explain that Granad is resident in Gusoland and also failed to explain that Jemima ltd is resident in Valleyland where It was incorporated .

Overall performance of candidates

Highest mark obtained in this paper: 80%
Lowest mark obtained in this paper: 7%
Overall pass rate in this paper: 48.5%

SUBJECT: DA11 - PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was poor. 72 of the 168 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 42.8% was recorded. The lowest mark recorded was 0 while the highest was 25.

Part (a) of the question was asking candidates to identify and explain six (6) audit risks in the financial statements of Chinkuli Ltd.

Instead of picking audit risks such as selling on credit and compliance with ZEMA requirements, most of the candidates gave explanations of threats to objectivity and ended up losing most of the valuable marks. For those who tried , identified the risk such as a reduction in revenue as an audit risk but would not state what the effect on financial statements would be. Other wrongly explained audit response as part of the answer but this was not required. Some explained on control risks which were outside the question requirement.
(b) Only in few cases that the answer to this part was correct. This was because those who got part wrong equally got few or no marks at all or those who attempted, they confused the word response and deeded up explaining response for risks that they could not identify in the scenario. In certain cases others expressed responses to weaknesses that were not asked for

(c) This was well answered as candidates were able to identify threats such as self-review threat due to recent employment with Chinkuli Ltd .However some students still lack the understanding of the question. Some made assumptions that were not in the scenario, for example, stating that superiors were present during the production when in fact may not be true. Other common errors involved stating audit procedures as audit risks.

QUESTUION TWO

The general performance on this question was very poor. 7 of the 166 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 4.2% was recorded. The lowest mark recorded was 1 while the highest was 17.

Part (a) (i) of this question was asking for the procedures a new auditor would take before they accepting an engagement by asking previous auditors. Most candidates thought it was about procedures regarding nominations and ended up applying ISA 315 which was not required (client screening)

Part (b) asked what was the expected response from the previous auditors would be. This was an easy question again as most candidates repeated the same things as mention in (a) above regarding client creaning before accepting an engagement.

Part (iii) required candidates to explain what action an auditor should take in an event that the new client Natasha Ld. refused permission from previous auditors. Most of the candidates got this pat correct as decline the engagement.

Part (c) (i) asked candidates to explain the objectives of carrying out risks assessment procedures, test of controls and substantive procedure. Only test of controls and definitions of substantive procedures were explained properly. However most candidates missed the first part of the question that dealt with the objectives of carrying out risks assessment procedures and lost valuable marks

Pat (ii) this question required candidates to explain four methods that auditors use to obtain audit evidence, Most of the candidates explained audit procedures such as inspections and observations that were wrong. The correct answers should have focused on receivables.

(Iii) The most appropriate audit procedure is circularization and many candidates scored well ion this one.

(iv) The question was specifically on circularization using a positive method. However mist candidates began to explain this in a more general way instead of sticking to the specifics of the question.

QUESTION THREE

The general performance on this question was very poor. 32 of the 105 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 30.5% was recorded. The lowest mark recorded was 2 while the highest was 20.

Part (a) required candidates to explain the differences between a management and an audit expert. The correct answers should focus on the experts who possess special skills other that auditing for auditors expert and those having skills other than financial accounting. However most candidates went on explain the experts as any one posseting special skills without applying the context in which the experts was required.

(i) Most of the candidates explained well and got correct answers such in areas were auditors were deficient in certain areas.

(ii) Giving correct answers such experience and membership were cited as correct answers. The only problem is that candidates are not using or not even a mention of something from the scenario. This caused them to lose valuable marks.

(b) (I) required candidates to explain the meaning of financial statement assertions and state the relationship between financial statement t assertions and audit procedures. The definition was answered correctly but a good number failed to state the relationship that exists between the two impotent terms.

(ii) This part was fairly answered as most candidates were able to define a provision but failed to state an audit procedure such as inquiry and recalculation using the percentage that management provided or used.

(iii) This was the most challenging part of this question as most candidates did not know the meaning of a contingent liability and simply went for the definition of a provision as an amount set out of profits for future possible debts. This was contingent. It also shows that candidates are not studying all the topics in the syllabus.

QUESTION FOUR

The general performance on this question was very poor. 26 of the 139 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 18.7% was recorded. The lowest mark recorded was 1 while the highest was 19.

Part (a) required candidates to explain the benefits or importance of adult planning. This was well answerer by most candidates

Part (b) required candidates to distinguish and Audit strategy and the audit plan. Though most candidates got the answer for of an audit plan well, they cols not explain briefly n audit strategy from which an audit plan is derived.

(c) (i) This part of the question was well answered as most candidates were able to relate to confirmation on receivables.

  (ii) Most candidates were able to explain the use of direct confirmation but could not connect their explanations to Lima Ltd.

   (iii) Most candidates were just able to state audit procedures such confirmation, recalculation and performing arithmetic computations without any recourse to application of such procedures to the audit of accounts payable. This shows lack of relevant skills to most candidates when it comes to application skills.

(d) Most candidates mentioned or explained the contents of an audit report such as title, addressee and audit opinion which was not the requirement. This letter of management is different from an audit report. It is actually similar to a letter of weakness but at this point management has to reaffirm its roles, duties and responsibilities.

QUESTION FIVE

The general performance on this question was very poor. 17 of the 87 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 19.5% was recorded. The lowest mark recorded was 1 while the highest was 19.

(a) (i) This question did not ask candidates on the contents of an audit report again but most candidates had problems in extracting relevant points on factor auditors use when coming up with an opinion and ended up scoring less marks.

(ii) This was not answered correctly by most candidates and those who answered did not even know what the meaning of an expectation gap is. It is essentially the difference between what the public expects the auditor to do and what the auditor actually does.

(b) The question did not asked for a definition of analytical procedure but factors to consider when using analytical procedures. That was what most candidates missed. It seems most of them did not read the focus point of the question.

(c)This was well answered by most candidates expect a few who scored less or nothing at all did not use information from the syllabus as advised by the question.

(d) Most candidates were able to define what non-executive director's means but when explaining their roles, they could not relate to Kawama & Sons.

(e) The question was asking for factors external auditors would use when determining materiality of a misstatement. Most candidates rushed to define material and not factors. It is important that all candidates read the questions word for word and get the meaning in each word. There should be at least one important word or words in the question that will determine and direct he answers that are needed for the question.

Overall performance of candidates

Highest mark obtained in this paper: 68 %
Lowest mark obtained in this paper: 3%
Overall pass rate in this paper: 35.1%

SUBJECT: DA12 - GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was good. 65 of the 93 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 69.8% was recorded. The lowest mark recorded was 4 while the highest was 22.

This question was compulsory and it had three parts. Students fairly understood the first and third part. Most students had challenges with the second part which required them to explain how corporate governance affects the basic rights of the shareholders. The information for purposes of answering both parts of the question is in the ZICA manual. Students should therefore make use of the document.

QUESTION TWO

The general performance on this question was excellent. 82 of the 90 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 91.1% was recorded. The lowest mark recorded was 10 while the highest was 23.

This was attempted under Section (a) by all candidates as it was a compulsory question. Most candidates who answered this question performed quite well though others struggled to exhibit good understanding of businesses discussed at general meetings. Others were mixing up concepts a sign that they were not ready for the said topic. Since this was under compulsory section students are encouraged to read widely and expect anything.

b) The question required students to exhibit knowledge on induction of directors. Students were simply required to state the three advantages of induction to pass this part of question. Students must address their minds to issues of company management and be prepared for any type of question arising from the manual.

C) The question required students to state two main legal duties of an auditor in a company. The Zica manual is comprehensive on this topic. All a student needed to exhibit was clear understanding of the said topic. Reading more of the ZICA manual would be very helpful as that has been where all exam questions are prepared from.

d) The question sought students understanding on integrity and independence of auditors. Students were to exhibit knowledge of this and pass with ease. This question was fairly passed by students who understood this area.

The way forward for all prospective candidates is to take enough time to study the topic and bring forth the duties of auditors and directors as these are highly examinable This will help them understand the duties of company officers

QUESTION THEE

The general performance on this question was excellent. 63 of the 72 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 87.5% was recorded. The lowest mark recorded was 8 while the highest was 20.

This question had three parts the first part was on the difference between ordinary shares and preferential shares. Students did well however on this first part. Most students did not do well in this part where they were required to explain whether a prospectus could be issued or not in line with facts in the scenario. The third part also was poorly done as most students failed to explain the implications of one being both the Executive Chairperson and Director of a company.

Students are encouraged to read more and appreciate various business entities in Zambia.

QUESTION FOUR

The general performance on this question was excellent. 66 of the 81 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 81.5% was recorded. The lowest mark recorded was 6 while the highest was 21.

a) This question required students to exhibit knowledge on winding up. 90% attempted this question and most were able to discuss other types of winding up. In future candidates are encouraged to take time and study the topic in full. Students are further encouraged to avoid last time panic studying as that would not work for law exams that require reading constantly.
b) This was a continuation of corporate governance. The question sought to students to explain two principles of corporate governance which are intergrity and accountability. The Zica manual is comprehensive on this topic. Students need to read and understand it in full.
c) This part was a continuation of principles of corporate governance. The view is that most candidates were not familiar with the two and ended up mixing up issues. Future candidates are encouraged to study the principles in full.
d) This part of question gave students problems. Most of them had no idea on the effects of winding up on transfer of shares or stocks.

QUESTION FIVE

The general performance on this question was very good. 26 of the 34 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 76.4% was recorded. The lowest mark recorded was 6 while the highest was 20.

a) The question required a student to distinguish preference shares from ordinary shares. Most candidates were able to discuss the differences in full Future candidates are encouraged to take time and study the topic in full and on time as this is usually a highly examinable area.
b) This question was based on company prospectus. The students were expected to exhibit knowledge on the same. The question demanded students to show how this done. Future students are encouraged to study this topic in full and attempt questions on the same topic from the Zica manual
c) The question required students to exhibit knowledge on company management and conflicting roles one may find himself in. Future candidates are encouraged to address their mind to issues of company management and prepare for anything from the manual.

Overall performance of candidates

Highest mark obtained in this paper: 73%
Lowest mark obtained in this paper: 35%
Overall pass rate in this paper: 58.3%