SEPTEMBER 2021 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN ACCOUNTANCY

PROGRAMME

SUBJECT: DA1 - FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 98 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 18.4% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question was a multiple choice question comprising of 10 questions, each carrying 2 marks. Many candidates got below average and this is because of not practicing a lot of multiple choice questions when preparing for exams.

QUESTION TWO

The general performance on the question was very good. Of the 79 that attempted the question, only 59 managed to obtain at least 10 out of the available 20 marks. A pass rate of 74.7% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The question was divided into two as follows:

Part (a) required candidates to prepare the statement of profit or loss for the year ended 31 December 2019 in accordance with the IAS 1. Many candidates attempted the question and the performance was very good.

Part (b) required candidates to prepare the statement of financial position at October 2019. Equally here candidates performed well.

QUESTION THREE

The general performance on the question was poor. Of the 44 that attempted the question, only 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 31.9% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was divided into two parts as following:

Part (a)

i)   Required candidates to prepare the Bar Trading Account and many candidates who attempted this part of the question performed poorly. Many had challenges with finding the sales revenue of K12, 740 and Bar wages of K1,540. The Bar wages was supposed to be calculated as follows: 1/3 (4,380 -240).
ii)   Required candidates to prepare income and expenditure account and many candidates had problems with this. Candidates are therefore advised to prepare adequately.
iii)   Required candidates to prepare a statement of financial position for the club and many candidates performed poorly.

Part (b) required candidates to prepare journal entries in the books of John Miti to correct the errors and many candidates who attempted the question performed well. Many candidates managed to get above average on this part of the question. The only challenge faced by few candidates was failure to write a correct description of the accounts.

QUESTION FOUR

The general performance on the question was good. Of the 74 that attempted the question, only 39 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required candidates to prepare the Trade Receivables control and Trade Payables control Accounts. This question was well answered by most of the candidates scoring very good marks.

A few candidates had problems with giving the reasons why the Accounting System is designed with a payables ledger control account and Payables Ledger account.

Overall the question was attempted by many candidates and getting above average marks.

QUESTION FIVE

The general performance on the question was very good. Of the 91 that attempted the question, only 65 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.4% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This was a very popular question. It was divided into three parts as follows:

Part (a) required candidates to prepare a statement of profit or loss Account for the year ended 31 December 2020 and the performance was very good.

Part (b) required candidates to prepare the Appropriation Account after calculating the net profit as well as the current accounts. The performance was well done with a few candidates not able to prepare the Appropriation section, as a result losing some vital marks.

Part (c) required candidates to prepare the statement of Financial Position. This part was well answered thereby candidates getting good marks.

Overall this was a question where most candidates managed to get the whole available marks of 20.

QUESTION SIX

The general performance on the question was very good. Of the 93 that attempted the question, only 71 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76.3% was recorded. The highest score was 20 while the lowest was 2 out of 20.

The question was divided into two parts as follows:

Part (i) required candidates to prepare statement of profit or loss for the year ended December 2020 and the performance was very good.

Part (ii) required candidates to prepare statement of financial position as a 31 December 2020 and many candidates performed very well with only a few having challenges on accumulated depreciation on non-current assets.

Overall performance of candidates

Highest mark obtained in this paper: 92%
Lowest mark obtained in this paper: 11%
Overall pass rate in this paper: 62.2%

SUBJECT: DA2 – QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was good. Of the 62 that attempted the question, only 37 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59.7% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This was a multiple choice compulsory question. The question covered the entire syllabus hence students had a wide range of questions to answer. In most cases, candidates lost marks for using wrong formulae when computing the required tasks.

QUESTION TWO

The general performance on the question was poor. Of the 15 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 20% was recorded. The highest score was 17 while the lowest was 0 out of 20.

Part (a) of the question required candidates to define what a random variable is, to list down the characteristics of a binomial random variable and to state the formulae for the mean and variance of a binomial distribution. Most candidates did not correctly define what a random variable is, and they did not know the characteristics of a binomial random variable, that resulted in loss of marks.

Part (b) of the question required candidates to compute binomial probabilities from the given scenario. Most candidates could only compute the first probability correctly and struggled to compute the second and the third part. It was observed that most of the candidates did not understand the meaning of "at least" and "majority" in the question, hence ended up with wrong inequalities when computing the probabilities. Part (iv) and (v) of the question required the candidates to find the mean and the variance of the distribution respectively. Candidates who did not do well here used wrong mean and variance formulae.

Part (c): A fairly good number of students got this question correctly. Those who could not, may have used a wrong formula or they did not know what to do.

QUESTION THREE

The general performance on the question was good. Of the 58 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 48.3% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question required candidates to use the given data to calculate statistical measures such as correlation coefficient, the coefficient of determination and the least squares regression line.

It was observed that most candidates made minor errors when computing the correlation coefficient. It was also observed that almost all the candidates did not know the advantage of using regression analysis to analyse data, which was required to be stated in the third part of the question. Few candidates lost marks due to computation errors involving addition and multiplication of data set as well use of wrong formula when computing the coefficient of determination.

QUESTION FOUR

The general performance on the question was very poor. Of the 55 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 7.3% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Part (a) of this question required candidates to solve a linear programming problem by forming appropriate linear inequalities from the given scenario. Candidates demonstrated a remarkable luck of knowledge on this subject, hence they lost a lot of marks.

Part (b) required the candidates to use the given data to compute the Net Present Values for the project and whether the project is worthwhile or not. The performance of candidates on this part of the question was not so good either. Most of the candidates computed wrong NPV's and concluded wrongly.

QUESTION FIVE

The general performance on the question was poor. Of the 55 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 27.3% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Part (a) required candidates to use the given grouped data to draw a histogram, construct a frequency distribution table and then find the mean and standard deviation. Most candidates managed to solve the question correctly but the ones who failed made errors in the construction of the frequency distribution hence could not get correct summations and eventually solutions.

Part (b) required candidates to use the method of simple interest to solve for the interest and total future value. Most candidates lost marks due to wrong use of formulae. Others used the correct formula but could not correctly compute the figures on the calculator.

QUESTION SIX

The general performance on the question was good. Of the 59 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 42.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) of the question required candidates to compute the mean of the given probability distribution. Most candidates were dividing the answer they got by n, which showed luck of understanding on the correct formula that was suppose to be used on such data. Most of them showed a mixed up of the formulae $\bar{X} = \frac{\Sigma x}{n}$ and $E(X) = X \cdot \Pr(X)$.

Part (b) required candidates to use the given grouped data to construct a frequency distribution table and then find the mean and the median weight of the given data. Most candidates managed to solve the question correctly but the ones who failed made errors in the construction of the frequency distribution hence could not get correct summations and eventually solutions.

Part (c): 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.

Overall performance of candidates

Highest mark obtained in this paper: 58%
Lowest mark obtained in this paper: 13%
Overall pass rate in this paper: 22.6%

SUBJECT: DA3 – BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was poor. Of the 57 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.8% was recorded. The highest score was 20 while the lowest was 4 out of 20.

This was a compulsory question made up of 10 multiple choice questions. Candidates were simply required to write the letter of the correct answer in the answer booklet.

QUESTION TWO

The general performance on the question was not good. Of the 31 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 48.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This was an optional question under Section B. The question examined candidates' understanding of the production function.

The question was divided into two (2) parts namely (a) and (b) as follows:
a) Required candidates to define (i) Marginal Product, (ii) Diminishing Returns and (iii) Minimum efficient scale. Performance for this part of the question was fair. However, some candidates couldn't write anything, particularly, on (iii). Candidates are strongly urged to study the entire syllabus.
b) Required candidates to :
   (i)   Complete the table by calculating values for Average Product (AP) and Marginal Product (MP). This was well done, even those some candidates got it wrong. Candidates were supposed to use the following equations to complete the table: AP_L = Total Product/Units of Labour; and MP_L = Change in Total Product/Change in units of labour.
   (ii)   The question required to state the number of worker required before the diminishing returns set in. Only 50% of the candidates got the full marks allocated. To find the correct number, key is to look at a point where MP_L begins to drop which is when 5 workers are employed. For candidates who failed to calculate MP_L values in b(i) above, it was impossible to find the answer!
   (iii)   Required candidates to draw the long run average cost curve of a typical firm. This was fairly done. However, some candidates drew other curves rather the long run average cost curve required!

QUESTION THREE

The general performance on the question was not good. Of the 50 that attempted the question, only 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This was optional question under Section B. The question examined candidates' understanding of Elasticity of demand, and Demand and supply analysis.

The question was divided into four parts namely (a), (b), (c), and (d) as follows:

a) Required candidates to demonstrate their knowledge of elasticity by:
    (i)   Defining the term 'price elasticity of demand'. This was fairly done.
    (ii)   Required candidates to explain perfectly elastic demand and perfectly inelastic demand with the help of graphs. Many graphs were poorly done, particularly the one for perfectly inelastic demand. Take note that perfectly elastic demand curve is a horizontal straight-line while a perfectly inelastic demand curve is a vertical straight-line

b) Required candidates to explain why demand for salt is inelastic. This was poorly done. Two reasons are that it has no close substitutes and that the percentage of income allocated to it is minimal

c) This part of the question was poorly done. Some candidates didn't even draw the curves. There is no way you can determine the new equilibrium without drawing the curves, in this instance. The recommended approach is (i) draw the initial equilibrium, (i) identify which curve is affected by the change in the given factor, (iii) Identify the direction of the shift, and (iv) draw the draw the new curve and note the new equilibrium price and quantity.
    The question required to explain using demand and supply analysis what happens to equilibrium price and quantity for maize when:
    (i)   Government increase maize subsidy to small scale farmers. A subsidy to farmers will lower the cost of producing maize. This will shift the supply curve to the right resulting in increased equilibrium quantity and reduced equilibrium price
    (ii)   When the price of a substitute rises, the demand curve for maize will shift rightwards resulting in an increased in both equilibrium price and quantity.

QUESTION FOUR

The general performance on the question was poor. Of the 30 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 33.3% was recorded. The highest score was 13 while the lowest was 0 out of 20.

This was optional question under Section B. The question examined candidates' understanding of Business organizations.

The question was divided into four (4) parts namely (a), (b), (c), and (d) as follows:

a) Required candidates to explain two reasons brought about by the separation of ownership from control in large organisations. Performance for this part of the question was fair.
b) Required candidates to explain any three (3) internal economies of scale. Performance overall was poor indicating that some students didn't cover the entire syllabus as there are directly given in the Study Guide.
c) Required candidates to state any three (3) arguments for a monopoly industry. The question is about advantages of having a monopoly. This part was also poorly done.
d) The question required candidates to define monopsony and explain any three (3) conditions for monopsonistic purchasing arrangement. Again performance was not good.

QUESTION FIVE

The general performance on the question was not good. Of the 49 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.9% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This was another optional question under Section B. The question examined candidates' understanding of operations of the National Income Accounting and Unemployment.

The question was divided into three (3) parts namely (a), (b), and (c) as follows:

a) Required candidates to describe the three (3) approaches for measuring national income namely Expenditure method, Output method and income method. Some candidates were able to correctly state the approaches but the explanation were wrong.
b) Required candidates to calculate value added at each stage of production. This was fairly done. However, some candidates failed to identify value added at each of the 3 stages namely from nothing to wheat the farmer added 15, the Miller added 20 to make flour, the Baker added 25 to make cakes.
c) This part of the question was fairly done. The question required candidates to explain to ((i) describe the type of unemployment faced by Jane, and (ii) Outline any two (2) costs associated with unemployment. This was fairly done

QUESTION SIX

The general performance on the question was poor. Of the 25 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 16% was recorded. The highest score was 15 while the lowest was 0 out of 20.

This was another optional question under Section B. The question examined candidates' understanding of Monetary Policy.

The question was divided into three (3) parts namely (a), (b) and (c) as follows:

a) Required candidates to describe Open Market Operations (OMO). Majority of the answers were agonizingly disappointing. Candidates talked to selling goods by companies and individuals freely! This indicated that such candidates had never read about Open Market Operations. This is a monetary policy involving the buying and/or selling of government securities to influence money supply.
b) Required candidates to explain how the Bank of Zambia uses OMO to increase or reduce money supply in Zambia. Performance was very poor. Those candidates who failed (a) above couldn't provide the right answers to this part of the question. Generally, to increase money supply the bank of Zambia buy securities and to reduce money supply it sells securities.
c) Required candidates to explain the three (3) conflicting objectives of commercial banks. This was poorly done by majority of candidates. Some wrote on functions of commercial banks while others were completely lost. As always the objectives of commercial banks are profitability, liquidity and security or safety. Others identified these but explained them wrongly!

QUESTION SEVEN

The general performance on the question was good. Of the 38 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52.6% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This was optional question under Section B. The question examined candidates' understanding of Exchange Rates.

The question was divided into four (4) parts namely (a), (b), (c), and (d) as follows:

a) Required candidates to distinguish between a floating exchange rate and a fixed exchange rate. Performance was very good here, though some candidates interchanged the answers for the two; answers for a floating rate were given for a fixed rate and vice versa.
b) Required candidates to state any three (3) advantages of a floating exchange rate system. Performance overall was average.
c) Required candidates to state any three (3) disadvantages of a floating exchange rate. This part was also poorly done.
d) The question required candidates to state any two (2) measures that the government can put in place to control the depreciating Kwacha. Again performance was not good.

In conclusion, for future candidates to pass DA3 without problems, they are encouraged to study the entire syllabus, make use of ZiCA past papers with attendant Chief Examiner's Report, as well as ZiCA Lecture Videos.

Overall performance of candidates

Highest mark obtained in this paper: 85%
Lowest mark obtained in this paper: 13%
Overall pass rate in this paper: 42.1%

SUBJECT: DA4 – INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was excellent. Of the 80 that attempted the question, only 70 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.5% was recorded. The highest score was 20 while the lowest was 4 out of 20.

This question was multiple-choice. This was a compulsory question and all candidates answered the question.

QUESTION TWO

The general performance on the question was good. Of the 46 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 60.9% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question was about using the spreadsheet and office automation. It also asked reasons why it is important to update the operating systems.

The common mistakes were as follows:

a) Most students answered the question well except some students were writing the wrong formula to calculate the daily total sales
b) Most students did not understand the question or did not know what an automated office is and were writing advantages of computers instead

QUESTION THREE

The general performance on the question was not good. Of the 47 that attempted the question, only 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.4% was recorded. The highest score was 15 while the lowest was 1 out of 20.

The question was about explaining the terms used centred on hardware, software, electronic communication tools and databases.

The following were the common mistakes noted in this question:

a) Some students did not know what a personal Digital Assistant (PDA) is and its use
b) The explanation of the Mainframe computer was not coming out correctly. From the explanation given students understand microcomputers better than mainframe computers
c) The students answer on optical character recognition (OCR) was poorly done. They were mistaking it with the optical mark reader (OMR)

d) Some students were mistaking it with video conferencing and were relating it with covid-19, when this technology was being used before the outbreak of covid-19. It seemed to be a new terminology to some students.

QUESTION FOUR

The general performance on the question was poor. Of the 66 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 37.8% was recorded. The highest score was 18 while the lowest was 1 out of 20.

The question was about computer networks, storage, the different types of output devices and the difference between legal issues and ethical issues.

The following were the common mistakes noted in this question:

a) Most students were able to explain the start topology well but could not clearly state the advantages and label the diagram well
b) Some students could not differentiate an impact printer from a non-impact printer. Most students could not explain what a plotter is and its use
c) Some students could not differentiate legal issues from ethical issues. Some students did not write anything, they left it blank

QUESTION FIVE

The general performance on the question was good. Of the 55 that attempted the question, only 37 managed to obtain at least 10 out of the available 20 marks. A pass rate of 67.3% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The candidates were required to state the difference between hearing and listening and state six (6) barriers to effective listening in part (a) and (b) of the question. Part (c) required them to explain how each barrier mentioned in (a) can be minimized.
The following were the common mistakes noted in this question:
a) Repeated answers
b) Barriers were presented as envy, jealousy; generally wrong content was put as answers.
   - Barriers were presented as factors that affect the choice of medium
c) Failure to explain how each barrier can be minimise from the answers provided.
   Indicating different barriers in part c of the question which could not be linked to those identified in part b.

QUESTION SIX

The general performance on the question was good. Of the 66 that attempted the question, only 44 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.7% was recorded. The highest score was 17 while the lowest was 1 out of 20.

This question required candidates to explain why; a memo has no addresses, salutation and complimentary close. Part (b) required them to state any two (2) functions of a memo, while part (c) required them to write a suitable memo to all staff outlining a problem of missing meetings and highlighting the benefits of attending a meeting.

The following were the common mistakes noted in this question:
  i.   Failure to provide reason why a memo has no addresses and salutation and a complementary close
  ii.   Failure to state the functions of a memo instead roles of a secretary for a meeting were included.
  iii. Failure to attempt the question
  iv.   Wrong format. The answers were written as a letter
  v.   In appropriate subject line
  vi.   Failure to include benefits of attending a meeting
  vii. Irrelevant information, not related in any way with information provided in the question. Provided wrong content

QUESTION SEVEN

The general performance on the question was good. Of the 38 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 54.1% was recorded. The highest score was 17 while the lowest was 4 out of 20.

The question required candidates to write a standard letter to all members of staff requesting them to return to work after a Covid lock down. Part (b) required them to explain parts of a business letter such as Subject line, main body, salutation and PP
The following were the common mistakes noted in this question:
  i.   Wrong format used. Reports and memos were produced instead
  ii.   very poor subject line
  iii. The opening statements of the letters were very poor
  iv.   The main body had irrelevant content
  v.   Most of the letter elements such as addresses, salutation and complementary close were omitted.
  vi.   Failed to provide a clear explanation the standard elements of a business Letter.
        Failure to attempt the question

Overall performance of candidates

Highest mark obtained in this paper: **78%**
Lowest mark obtained in this paper: 1**8%**
Overall pass rate in this paper: **64.6%**

SUBJECT: DA5 – COST ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 62 that attempted the question, only 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.7% was recorded. The highest score was 14 while the lowest was 2 out of 20.

This is a compulsory question with 10 multiple choice questions with four possible answers.

QUESTION TWO

The general performance on the question was good. Of the 55 that attempted the question, only 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 61.8% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question required candidates to (a) explain what is meant by the term 'blanket overhead rate' (b) prepare an overhead analysis sheet based on the information given, (c) re-apportion the service departments costs and calculate the most appropriate overhead rate for each department and (d) state three (3) reasons why companies pre-determined overhead absorption rates.
In part (a), students should have given the definition and some example of the blanket overhead rate.
The majority of candidates were able attempt part (b) and (c) with a few finding it difficulty to use appropriate basis of apportioning and reapportioning. In part (d), was a challenge to many candidates as the failed to state the reasons.

QUESTION THREE

The general performance on the question was poor. Of the 51 that attempted the question, only 7 managed to obtain at least 10 out of the available 20 marks. A pass rate of 13.7% was recorded. The highest score was 13 while the lowest was 1 out of 20.

The question was in two parts as follows:
Part (a) Methods of costing for overheads (Absorption Costing and Marginal Costing),
Varying solutions were given in this part as it was surprising that some candidates could not treat overheads according to the methods as requested. However few for few candidates they scored so highly as it was a passing question
Part (b) requested for the reconciliation of the profits calculated using both methods.
Being a follow up question to Part (a), candidates' performance was relatively the same.

QUESTION FOUR

The general performance on the question was good. Of the 20 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 10% was recorded. The highest score was 11 while the lowest was 0 out of 20.

The question was in two parts as follows:
In Part (a) Candidates were requested to explain five (5) characteristics of Process Costing Systems.
It was one of the compulsory question in this paper as such it was not a popular question. However for those candidates who attempted it performed relatively well. Except for few who failed completely and left blank spaces.

Part (b) (i) Candidates were requested to calculate the value of units transferred to finished goods and the value of WIP using the FIFO method.
This proved a challenge as candidates gave varying format. The candidates had difficulties in computing closing stock valuation and failed to score well in this part.
Part (b) (ii) the requirements were that candidates should prepare the Process 2 account using the FIFO method.

QUESTION FIVE

The general performance on the question was not good. Of the 54 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.7% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question was about fixed overhead variances and direct material variances.
The question was relatively popular and was reasonably well attempted.
Notable errors included the inability to calculate the total fixed overhead variance, the fixed overhead capacity variance and the total material cost variance.

QUESTION SIX

The general performance on the question was very good. Of the 60 that attempted the question, only 45 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Question six required candidates to prepare stores ledger cards using the methods of FIFO, LIFO and AVCO and in part (b) to calculate the Economic Order Quantity.

This question was extremely popular and most candidates performed very well. Poorer candidates struggled with the AVCO methods. Future candidates should note that the issue price under AVCO is recalculated each time there is a receipt.

In part (b) most candidates used as the annual demand of 10,000 units instead of 120,000 units. For the holding cost, the correct figure should have been K3.5 (K2 holding cost plus K1.5 finance cost) and not just K2.

Overall performance of candidates

Highest mark obtained in this paper: 62%
Lowest mark obtained in this paper: 21%
Overall pass rate in this paper: 40.3%

SUBJECT: DA6 – BUSINESS LAW

QUESTION ONE

The general performance on the question was excellent. Of the 57 that attempted the question, only 56 managed to obtain at least 10 out of the available 20 marks. A pass rate of 98% was recorded. The highest score was 20 while the lowest was 8 out of 20.

This was a compulsory question under section A and everyone answered it. The questions were drawn from the entire syllabus and were well balanced. On average, more than 90% of the candidates managed to get beyond the 50% pass mark in this question, an indication that students were prepared for the paper. Students managed to pick out the correct answers and my view is that most of them followed to Zica manual and examinations techniques which are readily available on Zica website. Future students are encouraged to study all topics and appreciate the principles. They are further encouraged to use the elimination method as they deal with examination questions of this nature. A student must eliminate all possible answers and remain with the most probable answer. The few that failed may be attributed to lack of understanding of concepts.

QUESTION TWO

The general performance on the question was excellent. Of the 57 that attempted the question, only 53 managed to obtain at least 10 out of the available 20 marks. A pass rate of 92.9% was recorded. The highest score was 18 while the lowest was 4 out of 20.

The question was made up of four parts A, B, C and D. The question was ok, though it was somehow misleading to the students as Part C had two questions in one question.

Part A: This part of the question asked candidates on the distinction between law of torts and contract. About 75% of students were able to give the required differences. The remaining 25% were at sea. In future, students simply need to prepare themselves adequately.

Part B: This question was determination of compensation for damage in law of contract and tort. About 90% were able to answer it correctly, whilst the rest went on to explain determination of 'damages' and not 'damage'. In future, the distinction between damage and damages must be emphasized by tutors.

Part C. This part of the question was on duties of employers and employees. It was answered by 92% of the students, though the question had two questions in one, which may have been

misleading to students as others just gave either duties of an employer or duties of an employee. In future, examiners must do their part well.

Part D was on wrongful dismissal. Over 75% answered the question well, though about 25% mistook it for unlawful dismissal. In future, students should be able to distinguish between these two terms.

QUESTION THREE

The general performance on the question was excellent. Of the 51 that attempted the question, only 48 managed to obtain at least 10 out of the available 20 marks. A pass rate of 94% was recorded. The highest score was 15 while the lowest was 7 out of 20.

a) This question was optional under section B. It focused on the principle of vicarious liability. The performance under this part was exceptionally good. 80% managed to get beyond a 60% pass mark in this question. The question was very clear. Students were able to appreciate fully the principles surrounding vicarious liability.   The 20% which failed need to actively study the principle in question as it highly examinable and is always targeted by examiners howbeit from different angles.

b) This question focused on the rights of permanent employees which are cleared elaborated in the Zica manual. The supplementary material to this question is found in the Employment Code of Zambia which is freely available on parliament website. Students did fairly well in this question. About 80% attempted this question. Most candidates   who answered this question performed quite well though others struggled with identifying rights accruing to permanent employees. This is an indication that the candidates are somehow not quite familiar with   this topic.   Future candidates are encouraged to address their mind to this topic in its entirety.

QUESTION FOUR

The general performance on the question was excellent. Of the 37 that attempted the question, only 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 81% was recorded. The highest score was 16 while the lowest was 5 out of 20.

This question also had two parts, the first part on the importance of the Sales of Goods Act; It was well done. The students demonstrated knowledge of the Sale of goods Act. This is a sign that the students were prepared for this question. About 90% got full marks on this question. The few who failed could not explain as required by the question. Future candidates are encouraged to emulate their friends by revising the Zica manual intensively and visiting past papers which are readily available.

The second part was on partnership, majority of the students got it right. The question required students to demonstrate knowledge on partnership formation, that is, the legal requirements as per the partnership Act for the formulation of partnerships. The Zica manual is comprehensive on the said topic and students must read it in its entirety. About 90% of the students got this question right. Future candidates are encouraged to read widely and revise this topic as it is highly examinable.

QUESTION FIVE

The general performance on the question was very good. Of the 38 that attempted the question, only 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71% was recorded. The highest score was 16 while the lowest was 5 out of 20.

The question had 3 parts. The first part on the difference between agency by holding out and by necessity. This question was easily understood by the majority of students. A sign that they were ready for the examination. About 95% of the students attempted this question and the pass rate was impressive. Future candidates are encouraged to emulate their friends by studying wide and intensively.

The second on general defenses of tort, students were required to demonstrate high level of understanding this area of law. The performance was good from the candidates a sign that they understood the topic and as such, they were ready for the examination. This attracted a 100% pass rate. Future candidates must take a leaf from this performance and maintain the standard.

The third part was on the explanation of the defenses. Quite a good number of students were mixing up the defenses with equitable remedies or other nominal torts. Future candidates are encouraged to study adequately and do a comprehensive revision as it promotes retention.

QUESTION SIX

The general performance on the question was excellent. Of the 45 that attempted the question, only 39 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86.6% was recorded. The highest score was 18 while the lowest was 7 out of 20.

The question was made up of four parts A, B, C and D.

Part A: Was on supervening incapacity. It was well answered by about 80% of the students. The rest did not just prepare adequately. In future, students are merely encouraged to study the whole syllabus adequately.

Part B was on ways by which an offer could be terminated. About 90% of the students answered it very well as it simply required them to 'identify'. However, the question was a bit vague as the marks awarded were not corresponding to the question being asked. Instead of 'identify' the question should have been 'discuss, explain, etc' to be in tandem with the 10% in the question. In future, examiners and panel setters will need to ask questions correctly.

Part C was on the definition of Law and about 97% answered it well. The question was simple and understood by everyone, even by those who could have just guessed the answers.

Part D was on ways by which delivery of goods in a contract of sale of goods could be done. About 80% of students answered the question correctly, whilst the rest could just give one or two responses. In future, candidates must be encouraged to study and prepare adequately.

Overall performance of candidates

Highest mark obtained in this paper: 83%
Lowest mark obtained in this paper: 23%
Overall pass rate in this paper: 100%

SUBJECT: DA7 – PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was very good. Of the 32 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78% 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 excellent. Of the 31 that attempted the question, only 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 96.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had two (2) parts: (a) and (b). It was attempted by almost all the candidates.

Part (a) required candidates to explain the importance of the following principles of management in an organization.
Subordination of individual interests to the general interest.

Stability of tenure of personnel.

Initiative

Unity of direction
This was well answered by most candidates.
Part (b) required candidates to explain the importance of the following skills for a manager and organization.

Technical.

Conceptual.

Social skills.

QUESTION THREE

The general performance on the question was good. Of the 24 that attempted the question, only 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

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

Part (a) required candidates to list the four (4) characteristics of an ideal bureaucracy argued by

Weber.

Part (b) asked candidates to define efficiency and effectiveness as viewed by Chester Barnard.

QUESTION FOUR

The general performance on the question was good. Of the 29 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 55% was recorded. The highest score was 20 while the lowest was 2 out of 20.

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

Part (a) asked candidates to define sole proprietorship and state four (4) main features of this

type of business.

Most candidates did not answer this part very well.
Part (b) required candidates to explain what a partnership agreement is and outline six (6) comprehensive pitfalls of partnerships.

QUESTION FIVE

The general performance on the question was poor. Of the 10 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30% was recorded. The highest score was 15 while the lowest was 0 out of 20.

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

Part (a) was on motivation.

Candidates were asked to explain what motivation was and to also state the two (2) typologies of Motivation.
Part (b) asked candidates to state and outline any five (5) main ideas of the pioneers of motivation theories.

Part (c) requested candidates to state the name of the prominent scholar who stated that motivation attempts to explain why individuals choose to follow certain courses of action in organizations and the theory, including the aspects for the strength of an individual's motivation.

Most candidates avoided this question which they failed to answer well. Hence it had the lowest pass rate of the whole paper.

QUESTION SIX

The general performance on the question was good. Of the 30 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76.6% was recorded. The highest score was 20 while the lowest was 4 out of 20.

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

Part (a) asked candidates to explain what a strategy was and highlight the three (3) levels of strategy:

Part (b) asked candidates to describe the five (5) functions for objectives.

Part (c) asked the candidates to distinguish between the mission and the vision of an organization.

Overall performance of candidates

Highest mark obtained in this paper: 89%
Lowest mark obtained in this paper: 4%
Overall pass rate in this paper: 81.3%

SUBJECT: DA8 – FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was very good. 83 of the 125 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 66.4% was recorded. The lowest mark recorded was 0 while the highest was 25.

The question required candidates to prepare the consolidated statement of financial position for the Kondwa Plc. group as at 31 March 2021 and to define 'control' per IFRS 10 'consolidated financial statements' providing indicators of control in Group of companies.

The question was generally well answered by the majority of candidates. This showed that most candidates are taking time to master this key area of the syllabus. Most candidates however still had challenges with some of the key workings which are necessary for the preparation of group financial statements.

Some of these key workings included; the calculation of goodwill on acquisition, the calculation of group retained earnings, the calculation and treatment of impairment loss on an investment holding, the calculation of contingent consideration at reporting date and the calculation of and treatment of inter-group transactions. Performance on this part of the question generally above average. This shows that students are paying attention and mastering this key aspect of the syllabus.

Part (b) of this question was testing students on the criteria for determining whether 'control' exist for purposes of preparing group financial statements or not. Most candidates answered this part correctly and most scored the full marks available.

QUESTION TWO

The general performance on this question was not good. 59 of the 123 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 47.9% was recorded. The lowest mark recorded was 0 while the highest was 24.

Question two examined candidates on preparing the statement of profit or loss and other comprehensive income for Nsamba plc for the year ended 30 September, 2019. Candidates were also examined on preparing a statement of financial position for Nsamba plc as at 30 September, 2019.

In part (a) it seemed most candidates did not read the instruction relating to where to take depreciation, amortization and research costs (cost of sales). They took the figures to wrong headings. Some candidates treated bank overdraft (credit balance) as a current asset as opposed to a current liability.

Deductible temporary difference of K310, 000 was treated as a deferred tax asset. For future examinations you are reminded that, deferred tax is a tax on temporary difference (i.e. temporary difference must be multiplied by the income tax rate). Therefore, deferred tax asset should have been computed as follows; K310, 000 x 35%= K108, 500.

Some candidates lost marks on the question because they presented 5% redeemable preference shares under equity instead of non-current liabilities.

QUESTION THREE

The general performance on this question was very good. 66 of the 108 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 61% was recorded. The lowest mark recorded was 0 while the highest was 24.

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

In part (a), candidates were required to calculate the ratio for the year ended 30 September 2020 equivalent to those provided for the year ended 30 September 2019.

In part (b), candidates were required to analyse the financial performance and financial position of Chokwe Ltd co for the year ended 30 September 2020 in comparison to year ended 30 September 2019.

There were no much issues on calculation but analysis could not refer in many cases to scenario surrounding the question. Much of candidates interpretation was not interpretation at all as they indicated only the movements on ration that is all.

QUESTION FOUR

The general performance on this question was very poor. 2 of the 56 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 3.5% was recorded. The lowest mark recorded was 0 while the highest was 16.

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

Part (a) required candidates to explain the accounting treatment of each of the leases in the books of pangono for the year ended 31 December 2020 in accordance with the provisions of IFRS 16 leases. Part (b) required candidates to explain the impact of the above transactions on the financial statements of pangono ltd for the year ended 31 December 2020 and part (c) required candidates to briefly explain functional currency in accordance with the IAS 21 Foreign currency transactions.

It appeared that many candidates had little or no knowledge of IAS 10 and IAS 41. The Financial Reporting examination requires a deep understanding and knowledge of the Conceptual Framework and IFRSs.

Candidates are, once again, reminded of the importance of reviewing past papers to identify the skills required in applying their knowledge in the examination. Covering the entire syllabus is a must.

QUESTION FIVE

The general performance on this question was poor. 23 of the 58 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 39.7% was recorded. The lowest mark recorded was 2 while the highest was 24.

The question had three parts:

Part (a) Candidates were requested to explain five (5) differences between rules based and a principle based financial reporting system.

Part (b) candidates were required to explain the difference between a biological assest and agriculture produce. Candidates were also required to describe a bearer plant and its accounting treatment.

Part (c) candidates to advise Zumba Plc on the appropriate treatment of the events in accordance with the provisions of IAS 10 events after the reporting date.

Overall performance of candidates

Highest mark obtained in this paper: 79%
Lowest mark obtained in this paper: 0%
Overall pass rate in this paper: 46.8%

SUBJECT: DA9 – MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was very good. 86 of the 161 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 53% was recorded. The lowest mark recorded was 0 while the highest was 24.

This was one of the compulsory questions in this paper. All the candidates attempted the question.
In Part (a) Candidates were requested to prepare various budgets as follows:
(i)   Production budgets in units
        Most candidates got this part right
(ii)   Material usage (kgs and Litres)
        This part was equally good except for few cases where candidates failed to structure the format and scored badly
(iii)   Material purchases (Kgs, litres and value)
        The purchase cost was equally well done except in cases where candidates were mixing the figures for opening and closing inventories. But generally the pass mark was good.
(iv)   Labour (hours and value)
        This equally was a straight forward question as candidates didn't struggle that much.

Part (b) candidates were requested to calculate the suitable cost plus prices using:
(i)   Full cost plus pricing
        Most candidates fared well in this part in that they were able to calculate the cost plus pricing with easy.
(ii)   Marginal cost plus pricing
        As well in the part the solutions from most candidates were fine.
(iii)   To state two (2) advantages and two disadvantages of each pricing methods
        The solutions were generally accepted but most responses were repetitive and one tender to wonder if candidates understood the question requirements. Generally the pass mark was good.
(iv)   Explanation of the Two (2) possible pricing strategies that could be adopted in the product by Petauke Limited.
        The two pricing strategies were well answered in most cases but some candidates did not understand the requirements of the question and ended up veering off mark and started mentioning things like Target Costing and Kaizen, etc.

QUESTION TWO

The general performance on this question was very poor. 9 of the 160 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 5.6% was recorded. The lowest mark recorded was 0 while the highest was 23.

Question two examined break even analysis by requiring candidates to evaluate four different alternative proposals and comment on each proposal. Limitations of break even analysis were also examined.

This question was compulsory and therefore difficult to avoid. The performance was extremely poor. Most candidates simply resorted to commenting. However, the question required the evaluation of each proposal, i.e. calculations and then followed by comments. So justice was not done by going straight into commenting. Future candidates should refer to suggested solutions. Limitations of break even analysis were well explained.

QUESTION THREE

The general performance on this question was very poor. 25 of the 133 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 0 while the highest was 21.

This question had three parts (a,b and c). It was based on standard costing.
In part (a), candidates were required to calculate four (4) sales variances. In part (i), many students failed to calculate the standard price instead they were using the total contribution as the price. In part (ii), the challenge was to determine the standard contribution per unit. In part (iii), the computation of the standard mix proved difficulty as most students instead used the budgeted sales volumes and in part (iv), a number of students failed to identify the standard mix.
In part (b), candidates were required to describe how standard costing operates. A few candidates were able to give the detailed process whereas the majority instead explained variance analysis and variances.
In part (c), a good number of candidates were able to list the uses of standard costing and the majority of those who failed the question were repeating causes of variances.

QUESTION FOUR

The general performance on this question was very poor. 23 of the 128 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 17.9% was recorded. The lowest mark recorded was 0 while the highest was 21.

This question examined ways of maximising returns over a product life cycle (PLC), essential elements of JIT and ways of improving the throughput accounting ratio (TAR). Essential elements of JIT and improving TAR were generally well answered. However, for maximising returns candidates concentrated on explaining in greater detail the four cycles undergone by a product thereby not really answering the question. Candidates should have, for example, explained that in the mature stage (in this stage there is declining demand, over capacity and many competitors) of a product, returns can be maximised by differentiation and finding new users for the product.

QUESTION FIVE

The general performance on this question was very poor. 10 of the 52 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 19.2% was recorded. The lowest mark recorded was 1 while the highest was 16.

Part (a) Candidates were requested to identify the objective of working capital management and to discuss the conflict that may arise between them.
Candidates were just answering the first part of the question leaving the second part regarding the conflict that may arise. As a result they were not given full marks except for a few that read the question more than once.

Part (b) Calculation of the cost of the current ordering policy and determine the saving that could be made by using the economic order quantity model.
The computation of cost of current ordering policy of BMK Co was not done well, As a result only few candidates were able to navigate their way through the question. Most candidates failed to understand what was tested in that they did not compute the total cost of EOQ and that of based ordering policy. As a result, such candidates field to yield the 10 marks which were being offered. The performance in this part was average.
Part (c) A discussion of ways in which BMK Ltd could improve the Management of domestic accounts receivables
Candidates here equally failed to relate what was tested to the case study and started talking listing standalone issues. As a result candidates did not do well in this part.

Overall performance of candidates

Highest mark obtained in this paper: 60%
Lowest mark obtained in this paper: 6%
Overall pass rate in this paper: 26.4%

SUBJECT: DA10 – TAXATION

QUESTION ONE

The general performance on this question was good. 28 of the 53 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 52.8% was recorded. The lowest mark recorded was 0 while the highest was 25.

In part (a) candidates were required to calculate the maximum capital allowances claimable by the company. Most candidates performed quite well on this part of the question with exception of a few of them who exhibited the following weaknesses:

i.   Forgetting to restrict the disposal proceeds to the original cost when computing the balancing charge arising on the disposal of the Toyota Allion car.
ii.   Using wrong rates to compute wear and tear allowances on manufacturing equipment

Part (b) required candidates to calculate the taxable profit of the company and was fairly well answered. However, a few candidates failed to identify the relevant disallowed expenditure to be added back when computing the taxable profits.

In part (c) candidates were required to compute the income tax payable by the company.

Most candidates managed to provide satisfactory answers with the exception of a few candidates who included dividend income in the computation which was wrong as the WHT on dividends is a final tax.

QUESTION TWO

The general performance on this question was very good. 41 of the 52 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 78.8% was recorded. The lowest mark recorded was 3 while the highest was 24.

In part (a) candidates were required to explain what constitutes emoluments from employment. Most of the candidates were able to explain what emoluments are and scored all the available marks.

Part (b) required candidates to explain any four (4) tests the Zambia Revenue Authority uses to distinguish employees from self-employed individuals and was generally answered.

 Only a few candidates failed to provide appropriate explanations for some of the tests.

Part (c) required candidates to calculate the income tax payable by the tax payer in the tax year 2021 and was reasonably well answered. The most common mistakes made by candidates who scored poor marks on this part of the question included:

i. Failing to compute the correct amounts of taxable emoluments received from the two companies the tax payer worked for during the tax year.
ii. Using the wrong tax rates to compute the income tax payable
iii. Not aggregating the income from the two employments and subjecting them to the income tax bands, but taxing the income from each employment separately using the tax bands.

QUESTION THREE

The general performance on this question was good. 26 of the 45 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 57.8% was recorded. The lowest mark recorded was 6 while the highest was 20.

This question examined ethical issues in tax practice and taxation of unincorporated businesses. Only 29% of the candidates who attempted the question passed and the remaining 71% failed.

Part (a) (i) required candidates to explain the importance of the code of ethics for tax practitioners and was poorly answered as most candidates failed to provide satisfactory explanations.

In part (a) (ii) candidates were required to briefly explain the meaning of Integrity, Objectivity and Professional competence and due care as fundamental principles as outlined in the code of ethics. Candidates generally scored poor marks on this part of the question as they failed to give the appropriate explanations for each of the principles.

Part (b) (i) asked candidates to calculate the taxable business profits for the tax year 2021 and was reasonably well answered. However, a few candidates failed to identify the relevant disallowed expenditure to be added back when computing the taxable profits.

Part (b) (ii) which required candidates to calculate the amount of income tax payable by for the tax year 2021 was generally answered well.

QUESTION FOUR

The general performance on this question was very poor. 1 of the 19 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 5.3% was recorded. The lowest mark recorded was 3 while the highest was 13.

In part (a) candidates were required to explain the differences between exempt supplies and zero-rated supplies. A few candidates failed to explain the relevant differences and therefore lost an opportunity to score some easy marks.

In part (b) candidates were required to explain three (3) advantages and two (2) disadvantages of accounting for VAT using the cash accounting scheme (receipt basis). A good number of students demonstrated a lack of knowledge of the operation of the cash accounting scheme and therefore failed to provide the required explanations.

In part (c), candidates were required to explain any five (5) obligations of a VAT registered trader. The majority of candidates performed better on this part of the question with the exception of a few of them who could not raise all the required points to score all the available marks.

Part (d) required candidates to calculate the amount of VAT payable by the company for the month of April 2021 and was generally poorly answered. The most common weaknesses demonstrated by candidates included:

     i.   Failing to distinguish between exempt, zero rate and taxable supplies
    ii.   Claiming input VAT on expenditure on which input VAT is irrecoverable
   iii.   Failing to compute the correct amount of VAT arising on each transaction

QUESTION FIVE

The general performance on this question was poor. 18 of the 41 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 43.9% was recorded. The lowest mark recorded was 3 while the highest was 21.

This question which covered the Zambian Taxation system, property transfer tax and customs and excise duty and was fairly well answered.

Part (a) (i), required candidates to explain the four (4) sources of tax law and other regulations in Zambia. This part of the question was generally well answered with the exception of a few candidates who failed to explain the relevant sources.

Part (a) (ii) which required candidates to explain six (6) functions of taxation in Zambia was equally well answered, with the exception of a few candidates who gave the functions of ZRA as opposed to functions of taxation as required by the question.

Candidates provided satisfactory answers for part (b) (i) which required them to explain what constitutes 'Property' for property transfer tax purposes and in most cases scored all the available marks.

In part (b) (ii) candidates were required to explain how the realised value of property is determined. Most candidates demonstrated a lack of knowledge of how the realised value of the different categories of property is determined and therefore failed to provide the required answers.

Part (c) (i) required candidates to calculate the value for duty purposes of the truck.

This part of the question was well attempted and most candidates scored all the marks.

Part (c) (ii) required candidates to calculate the total import taxes paid by the tax payer on the importation of the truck and was fairly well answered. However, a few candidates used the wrong rates to compute the import taxes and, in some cases, used the rates for new vehicles instead of the rates that apply to second hand motor vehicles.

Overall performance of candidates

Highest mark obtained in this paper: 86%
Lowest mark obtained in this paper: 15%
Overall pass rate in this paper: 75.5%

SUBJECT: DA11 – PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was very poor. 22 of the 134 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 16.4% was recorded. The lowest mark recorded was 0 while the highest was 20.

(a) Most of the students were repeating the parts from the scenario and then giving recommendations on how the company could improve. Instead of commenting and then suggesting the appropriate opinion, a good number of candidates were explaining the types audit opinions that are available in the text book. Others commented on audit risks such as the omission of K2000 was material. There was a mixed up of audit opinions. Others were judging why auditors gave the opinion that they gave. This shows that students do not adequately study all parts of the syllabus adequately.

(b) (i) The question asked candidates to explain the meaning and relevance of subsequent events in the audit of the financial statements. Some candidates failed to explain what subsequent events are but just ended at mentioning these as any event that can occur during an audit. Others indicated that subsequent events are regular checkups and some stated that that they are audit procedures when in fact not. This shows a lack of understanding of what subsequent events are.

(ii) some candidates were not able to explain Cleary what active and passive duties of auditors are. Most candidates had mistaken these duties in relation to subsequent events as normal duties of auditors as per Company Act of 1994.

(c) This was one of the least answered questions as most candidates who attempted showed lack of understanding of this topic relating to risk assessment. Others ended up explaining methods to gain an understanding of an entity and its environment such as inquiries, observations and inspections as well as analytical procedures and gained no marks at all.

(d) This was correctly answered as candidates were able to give reasons why audit documentation is kept.

QUESTION TWO

The general performance on this question was very good. 99 of the 138 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 71.7% was recorded. The lowest mark recorded was 5 while the highest was 22.

(a) (i) The question asked candidates the meaning of Non-executive directors (NEDs) and the role they play. Most of the candidates answered this question well. However, others wrongly stated that NEDs are involved in the day to day operations and others wrongly stated that they are the ones that own shares in Gypsy Plc which was not true. Other were able to explain the meaning but failed to give answers on the role they play.

(ii) The roles of the proposed audit committee. The students that prepared well for this question managed to get good answers. The worst case scenario was students failing to construct correct sentences.

(b) (i) Differences between internal and external audits most students managed to answer this question correctly. However, the few that did not give correct answers stated that internal auditors are the ones that set remuneration packages for external auditors which is incorrect.

(ii) Four types of assignments performed by the auditors. A good number of candidates who attempted this question and gave very good answers. Despite this being a fairly text book answer type, some did not answer this question.

QUESTION THREE

The general performance on this question was very poor. 4 of the 61 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 6.5% was recorded. The lowest mark recorded was 2 while the highest was 14.

(a) Conflict of interest and how it can be resolved.
The most surprising thing was that most candidates did not even know what conflict of interest is and how it arises. Wrong answers included statements such as conflict of interest arises when a member of the audit team has self interest in the business. Others managed to answer the first part of the question but failed to answer the last part on how to resolve conflict of interest. This shows that candidates are not reading the whole question so that all parts are answered.

(b) Mechanism by which audits are regulated in Zambia. A good number of candidates were able to answer this part of the question correctly. For those who gave wrong answers were merely stating that ZICA regulates without explaining how ZICA regulates auditors in Zambia. The text book has all details relating to this part of the question.

(c) Deficiencies in internal controls
Despite most candidates identifying the weaknesses, they failed to actually explain how or give reasons why these were deficiencies (what would they cause which is undesirable). Others did not even mention 4 as the question stated and only wrote less than 4 and ended up getting less marks.

(d) (i) Generalized audit software
This part of the question was not well answered. It appeared that most candidates did not even know what generalized audit software packages are.

(ii) Test data in the audit of internal controls for the payroll system in Chindere Ltd. The question called for a description of the use of test data in the audit of internal controls. Most of the answers were wrong simply because candidates failed to describe the use of test data but just provided a definition only without connecting test data use to the scenario.

QUESTION FOUR

The general performance on this question was very poor. 36 of the 130 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 27.7% was recorded. The lowest mark recorded was 0 while the highest was 22.

(a) Most candidates generally answered the question from the text book point of view but without referring to Lions Traders. Examiners report year in year out lament this as a serious weakness. Where the question asks about an item in the scenario and name of the company is mentioned, candidates are advised to make reference to scenario. The scenario had more than two weaknesses the Chairman bang the managing director of the company as one of them. This is against good cooperate governance principles.
(b) This was well answered by majority of candidates. However, there was a need to connect answers to the scenario. I.e. the right to attend annual general meetings that are called by the board of Lions Traders Ltd.
(c) The five fundamental ethical principles are well explained in the text book for DA11 (Principles of Auditing). Most candidates were able to explain all the fundamental ethical principles but a few mistook ethical principles for threats and ended up getting no marks.
(d) Majority of candidates managed to identify the threats from the scenario as they were clearly numbered by most of them. However, a few of them failed to answer the last part of this question requiring one fundamental ethical principle and could not obtain a mark for this last part of the question.

QUESTION FIVE

The general performance on this question was very poor. 8 of the 75 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.7% was recorded. The lowest mark recorded was 3 while the highest was 15.

(a) This part was well answered as most candidates were able to identify the weakness in the scenario regarding internal controls. However, some candidates were relating weaknesses to threats and ended getting no marks at all. Threats and weaknesses are not the same! Others wrongly gave recommendations to amending weaknesses which was not a requirement of the question.
(b) This part was fairly answered as most students were to explain the terms agency and accountability.
(c) The question also gave students challenges as most of them misunderstood the question requirement. Most of the answers mistook the question requirements for benefits of outsourcing an internal audit function instead of factors to consider and ended up not getting any marks at all.
(d) Most of the candidates were not able to give specific audit procedures that were to be carried out on bad debts. Instead of concentrating on bad debts, a good numbers of answers were generating procedures and simply stated all audit procedures such as re-calculation, analytical procedures and confirmations. Others were writing on sales and receivables procedures and not bad debts and ended up gaining no marks at all.

Overall performance of candidates

Highest mark obtained in this paper: 76%
Lowest mark obtained in this paper: 9%
Overall pass rate in this paper: 23.9%

SUBJECT: DA12 – GOVEERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was excellent. 64 of the 65 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 98% was recorded. The lowest mark recorded was 12 while the highest was 23.

This question was compulsory and it had three parts. Part A of the question dealt with signs of poor corporate governance in a company. Since the question was compulsory, all students answered it. About 90% of the students got the question correct. The few who failed this question were mixing up concepts. Students fairly understood the second and third part. A good number of them where mixing up the duties of directors with characteristics of corporate governance. The pass rate was fairly high. Future candidates are encouraged to revise the topic in Full as provided for in the Zica manual. They are further called upon to make use of the past papers which are readily accessible at Zica library and website.

QUESTION TWO

The general performance on this question was very good. 51 of the 64 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 79.6% was recorded. The lowest mark recorded was 10 while the highest was 25.

The question was made up of three parts A, B and C.

Part A was on removal of a sick director for non-attendance of meetings. Over 84% of candidates answered it well, the rest seem to have overlooked the fact that 'being sick was not a ground for removal in the circumstances of the case in the question. In future, students and tutors must be encouraged to cover the syllabus in sufficient detail as all parts are examinable.

Part B was based on a director holding a position of profit without consent from the board. The question was well answered by nearly 95% of the students, and a few thought that since the director made the company to do very well, his unauthorized pay was justified. In future,

students must be encouraged to fine tune the studying to learning outcomes and the required detail in all aspects of the syllabus.

Part C was well answered by nearly all of the students. The question was on liquidator and directors running the company together, and why liquidators must be registered. In the first part, about 60% of the candidates were able to state that upon appointment of liquidators, the directors cease to operate, whilst the rest failed to answer the question adequately. The last part on the requirements for registration was were answered by at least 90% of the candidates, and about 10% of them either just stated the reasons without explaining or simply answered it wrongly. In future, students must be encouraged to read everything in the study guides and modules in the required detail.

QUESTION THREE

The general performance on this question was excellent. 24 of the 25 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 96% was recorded. The lowest mark recorded was 8 while the highest was 22.

The question was made up of three parts A, B and C.

Part A was on company transformation. It required students to exhibit knowledge on what they understood by term public company. This could easily be understood by one demonstrating tenets of a public limited company. Over 80% of candidates answered it well, the rest couldn't pin point tenets of a public company. In future, students and tutors must be encouraged to cover the syllabus in sufficient detail as all parts are examinable.

Part B was based on a director's liability for the misstatement on profits. The question was well answered by nearly 90% of the students. Roughly 10% could not get the correct answer. In future, students must be encouraged to fine tune the studying to learning outcomes and the required detail in all aspects of the syllabus.

Part C was well answered by nearly all of the students. The question was testing student knowledge on issuance of shares at a discount. About 90% were able to demonstrate the procedure for issuance of shares at a discount .The last part on the requirements for registration was were answered by at least 90% of the candidates, and about 10% of them either just stated the reasons without explaining or simply answered it wrongly. In future, students must be encouraged to read everything in the study guides and modules in the required detail.

QUESTION FOUR

The general performance on this question was very good. 37 of the 54 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 68.5% was recorded. The lowest mark recorded was 3 while the highest was 19.

a) This question bordered on incidents of separate legal entity i.e. perpetual succession and was attempted under Section B by almost 90% of the candidates as it was an optional question. Most candidates who answered this question performed quite well though others struggled with the concept in question. 80% of the 90 % did extremely well. This is an indication that the candidates are somehow not quite familiar with the incidents of personal legal personality of companies. Future students must appreciate the concepts of perpetual succession. The 10% which failed could not understand what the question really wanted. Others were mixing up concepts a sign that they were not ready for the said topic. Since this was under an optional section students are encouraged to attempt questions they are really sure of.

b) Of the 90 % who attempted this question, 85 % got it right. The 5% which failed struggled with appreciating the concept of shares and their nature. Future candidates are encouraged to address their mind to issues of Shares as provided for in the Act and the module.

C) Out of 90% of the Candidates who attempted this part 75% got it right, This question was a challenge to most students who failed to appreciate issues of agency relating to directors. Students were somehow mixing concepts in some instances. However, more than 75% of the students got the answers correct for the question. Future candidates are encouraged to read further and appreciate the law on agency in general.

d) This question demanded students to address their minds to stakeholder's theory as regards company Board of Directors actions in corporate governance. Most candidates got this part of the question correctly and exhibited deep knowledge of the same. Future candidates are encouraged to emulate their colleagues by studying extensively on the same.

e) The question required students to demonstrate knowledge of corporate governance codes in Zambia. Most candidates struggled to identify the corporate governance codes in Zambia.

Future students are required to know these codes as they will be bound to know them even in practice.

QUESTION FIVE

The general performance on this question was excellent. 43 of the 51 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 84% was recorded. The lowest mark recorded was 6 while the highest was 24.

This question had two parts, A and B. Part A was on the principle of separate legal personality, whilst Part B was on identity and was on the essential elements of a partnership. The question was well answered by nearly all the students, about 94%. The question was very basic and easily understood by the candidates. The few who failed did not do well owing to their own unpreparedness.

In future, students must read and prepare widely.

Overall performance of candidates

Highest mark obtained in this paper: 87%
Lowest mark obtained in this paper: 24%
Overall pass rate in this paper: 96.9%