DECEMBER 2021 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IIN ACCOUNTANCY PROGRAMME

DAI FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 132 that attempted the question, only 51 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.6% was recorded. The highest score was 16 while the lowest was 2 out of 20.

QUESTION TWO

The general performance on the question was poor. Of the 125 that attempted the question, only 39 managed to obtain at least 10 out of the available 20 marks. A pass rate of 31.2% was recorded. The highest score was 20 while the lowest was 3 out of 20.

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

Part "b" required candidates to prepare a statement of Financial Position as at 31 December 2020.

Candidates failed to make necessary adjustments to the allowance for receivables. The approach is to compare the existing allowance with the required allowances.

QUESTION THREE

The general performance on the question was poor. Of the 63 that attempted the question, only 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 26.9% was recorded. The highest score was 14 while the lowest was 1 out of 20.

Part "a" required candidates to prepare Income and expenditure account for six months period to 30 June 2019.

Many candidates who attempted the question failed to apportion annual figures into two periods.

Part "b" required candidates to prepare Club's statement of Financial position as at 30 June 2019.

Candidates had a challenge on Establishing the Closing Inventory value on ties.

QUESTION FOUR

The general performance on the question was poor. Of the 83 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 3.6% was recorded. The highest score was 13 while the lowest was 1 out of 20.

Part "a" required candidates to prepare an adjusted cash book. Candidates were simply ill prepared for the examinations. The entries required were basic at level one.

Part "b" required candidates to prepare a bank reconciliation statement. Candidates had challenges over the overdraft balance from the adjusted Cash Book. The correct way of drawing up a reconciliation statement was to subtract dishonoured and unpresented cheques and then add the uncleared cheques.

Part "c" required candidates to draw up a Statement showing the effect on the reported profit. Candidates should have added Unrecorded Income and subtracted Unrecorded Expenses to the given Net Profit.

QUESTION FIVE

The general performance on the question was good. Of the 130 that attempted the question, only 77 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59.2% was recorded. The highest score was 17 while the lowest was 3 out of 20.

Part "a" required candidates to prepare a Statement of Profit or Loss for the Partnership business.

Many candidates were charging K1600 to Profit or Loss instead of charging only K600 increase.

Part "b" required candidates to prepare statement of Financial position for BD Printers.

Many candidates just subtracted accumulated depreciation without subtracting the cost of disposed vehicle.

QUESTION SIX

The general performance on the question was very good. Of the 109 that attempted the question, only 96 managed to obtain at least 10 out of the available 20 marks. A pass rate of 88% was recorded. The highest score was 20 while the lowest was 1 out of 20.

Part "a" required candidates to prepare a Departmental trading account. Many candidates obtained full marks i.e. 15 marks allocated.

Part "b" required candidates to explain or give the stated objectives of the International Accounting Standard Board (IASB). Many candidates did not attempt this part.

Overall performance of candidates

Highest mark obtained in this paper: **84%**
Lowest mark obtained in this paper: **6%**
Overall pass rate in this paper: **47.9%**

DA2 QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was poor. Of the 165 that attempted the question, only 39 managed to obtain at least 10 out of the available 20 marks. A pass rate of 23.6% was recorded. The highest score was 14 while the lowest was 2 out of 20.

The questions are multiple choice and comprised of five questions requiring mathematical calculations and five questions representing general quantitative analysis concepts and definitions. Candidates struggled in both types of questions with a major reason attributed to lack of understanding of general concepts in both descriptive and quantitative solving.
However, the section covered all topics hence candidates had a fair opportunity in the choice of their solutions.

QUESTION TWO

The general performance on the question was poor. Of the 108 that attempted the question, only 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 24% was recorded. The highest score was 20 while the lowest was 1 out of 20.

Part (a) of the question required candidates to simulate a given scenario and determine the average waiting time of patients. Candidates could not fully complete the required task as there was an observed lack of required concept in solving the question. Marks were therefore lost due to incomplete simulation tables and failure to correctly use the given random numbers.

Part (b) was scenario that required candidates to use maximum strategy, Hurwiz criterion, Savage criterion and Laplace criterion to select the best betting option. The candidates lost marks in this section due to incorrect use of the required concepts hence there is need for emphasis on more practice by candidates on how to apply required concepts and techniques.

Part (c) required candidates to define given terms used in time series. There was an observed correct description of seasonal variation and irregular variation of time series, but candidates struggled to define secular variation.

QUESTION THREE

The general performance on the question was poor. Of the 146 that attempted the question, only 46 managed to obtain at least 10 out of the available 20 marks. A pass

rate of 31.5% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The first part (a) required candidates to use the probability rules and apply the Bayes theory concept to find the required probabilities. It was observed that the candidates could not successfully use the Bayes theorem hence lost marks due to use of wrong formulae.

Part (b) required candidates to use the summarized table values to conduct a regression analysis. Most candidates demonstrated good knowledge of the regression topic and good marks on this parts. The candidates who could not get full marks were mainly making errors in evaluating solutions despite using correct formulae.

QUESTION FOUR

The general performance on the question was poor. Of the 99 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 4% was recorded. The highest score was 14 while the lowest was 1 out of 20.

Part (a) required candidates to use the method of annuities to solve a problem involving payment of a 30-year mortgage. The general performance in this part of the question was poor because candidates were observed to be using wrong formulae. There is need to emphasis on differences between simple interest, compound interest and annuities to help candidates to choose the correct method when solving problems involving monetary investment and interest rates.

Part (b) required candidates to use the Binomial probability distribution method to solve the given scenario. Most of the candidates were able to identify he correct formula and solved the problem successfully. Candidates who failed this question were observed to have challenges in using inequalities signs to get the right random numbers for probability calculation. This resulted in either including or leaving out the required numbers.

QUESTION FIVE

The general performance on the question was poor. Of the 130 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 16.9% was recorded. The highest score was 17 while the lowest was 1 out of 20.

Part (a) of this question gave a scenario of probabilities in a two-way table. Candidates were required to use the method of probability rules such as complement, additional rule and conditional event rule to solve the given problem. The general performance was bad since there was inconsistence in using correct formula.

Part (b), required candidates to calculate the mean and standard deviation from a given scenario of ungrouped data. The first part of the question was solved without much struggle, but application of concepts emphasized in the second part of the question was not well done. There was an observed lack of understanding of the question as most candidates could not find the correct standard deviation despite using the correct mean. There is need to emphasize the difference between population standard deviation and sample standard deviation formula.

QUESTION SIX

The general performance on the question was good. Of the 142 that attempted the question, only 95 managed to obtain at least 10 out of the available 20 marks. A pass rate of 67% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Part (a) required candidates to use the method of time series moving averages to find trend values. The performance on this part was very good as candidates showed good knowledge of the concepts required.

Part (b) required candidates to use the method of normal distribution to solve a given scenario. There was good performance in this problem though there was an observed failure to correctly use the Z tables in finding probabilities.

Part (c) required candidates to use the given payoff table to find the maximini item. There was an observed mixed use of concept involving the use of the maxi maxi strategy.

Overall performance of candidates

Highest mark obtained in this paper: **65%**
Lowest mark obtained in this paper: **4%**
Overall pass rate in this paper: **32.6%**

DA3 BUSINESS ECONMICS

QUESTION ONE

The general performance on the question was good. Of the 136 that attempted the question, only 93 managed to obtain at least 10 out of the available 20 marks. A pass rate of 68.3% was recorded. The highest score was 20 while the lowest was 2 out of 20.

QUESTION TWO

The general performance on the question was fair. Of the 99 that attempted the question, only 47 managed to obtain at least 10 out of the available 20 marks. A pass rate of 47.5% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This was an optional question. The question tested the candidates understanding of short run costs of production and economic systems.

The question was divided into two parts namely (a) and (b) as follows:

(a) This part of the question required candidates to calculate certain values from using the given table. (i) required candidates to state the value for fixed costs. Many candidates got this wrong. Fc = TC − VC which should have given K30. Remember, when nothing is produced TC = FC, (ii) required candidates to complete the table for MC, ATC, AVC and AFC. This was poorly scored. Candidates need to recall and use the simple formulae in this topic, (iii) required candidates to determine how many units should be sold in order for the firm to maximize profits. Very few candidates got this correct. Key issue is that profits are maximized at a point where MC = MR = P under perfect competition where the price is constant, 9iv) required candidates state the maximum achievable profit. Again few candidates got this right. Profit = TR − TC and TR = PQ. This would give K150 − K130 = K20 at 5 units, (v) required candidates to find TR where profit is at maximum. TR = PQ = 5 x K30 = K150.

(b) Required candidates to state any five (5) characteristics of a planned economic system. This was poorly done as many candidates provided the characteristics of a free enterprise economy!

QUESTION THREE

The general performance on the question was fair. Of the 92 that attempted the question, only 44 managed to obtain at least 10 out of the available 20 marks. A pass

rate of 47.8% was recorded. The highest score was 18 while the lowest was 1 out of 20.

The question was divided into four parts namely (a) to (d) as follows:

(a) Required candidates to (i) explain the economic position at Point P. and (ii) at point X. from the given production possibility curve. Performance was fair. However, some candidates demonstrated luck of understanding this basic economic concept

(b) Required candidates to give any two (2) reasons why government might impose a maximum price for goods. This was poorly done. Many candidates construed maximum price to price floor instead of the price ceiling.

(c) Required candidates to (i) explain the meaning of market failure. This was poorly done again demonstrating lack of adequate syllabus coverage by some candidates, and (ii) explain the use of buffer stocks by cartels. This was poorly done.

(d) Required candidates to explain Baumol's sales maximization model. Many candidates didn't even attempt it. Candidates are urged to study the entire syllabus. These are all directly in the Study Guide.

QUESTION FOUR

The general performance on the question was poor. Of the 83 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30.1% was recorded. The highest score was 20 while the lowest was 2 out of 20.

The question was divided into three parts namely (a) to (c) as follows:

(a) Required candidates to illustrate with diagram the short run and long run equilibrium positions of a firm operating under conditions of monopolistic competition. Performance was very poor. Many candidates drew graphs for Perfectly competitive firm with a horizontal demand curve! Others failed to appreciate the fact that monopolistic competition is not the same thing as monopoly!

(b) Required candidates to outline any two (2) reasons why monopolistic competition is wasteful. This was fairly done by a few candidates.

(c) Required candidates to outline that may account for economies of scale. This was poorly done. The question simply required candidates to explain the causes of economies of scale. These include labour economies, technical economies, marketing economies, financial economies, managerial economies, etc. However,

some candidates merely listed these without explaining them and could not be awarded full marks.

QUESTION FIVE

The general performance on the question was poor. Of the 67 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 34.3% was recorded. The highest score was 19 while the lowest was 2 out of 20.

The question was divided into five parts namely (a) to (e) as follows:

(a) Required candidates to (i) define GDP at market prices and (ii) GDP at factor cost. This was fairly done, although some weak candidates were completely lost.
(b) Required candidates to outline any three (3) economic activities that GDP does not measure. This was poorly done by many candidates. The question required candidates to outline the limitations of National income computations. Underground economy, non-marketed goods, economic bads, etc was what was required.
(c) Required candidates to find the equilibrium level of output from the given data. This was scored highly by many candidates. However, some candidates couldn't remember the identity $Y = C + I + G$. Others, remembered the identity but failed to do the correct substitutions along the working.
(d) Required candidates to explain the accelerator theory. This was poorly scored. Accelerator theory related net investment to changes in GDP.
(e) Required candidates to outline any two (2) limitations of the accelerator theory. Those candidates who could not explain the accelerator theory certainly couldn't state its correct limitations. Candidates are urged to study the entire syllabus.

QUESTION SIX

The general performance on the question was poor. Of the 104 that attempted the question, only 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39.4% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The question was divided into four parts namely (a) to (d) as follows:

(a) Required candidates to list any three (3) other no-core functions of commercial banks. This was poorly done as many candidates provided the core as opposed to the non-core functions as required. Providing loans, overdrafts, savings accounts, etc are core functions!
(b) Required candidates to state any two (2) reasons for the computation of the national income. This was fairly done.

(c) Required candidates to give any three (3) arguments against protectionism. This was fairly done although some candidates provided argument in support of protectionism! Candidates are urged to read the questions carefully and address the specific requirements.

(d) Required candidates to explain how government can use fiscal policy to resolve youth unemployment problem. The question required candidates to explain what should the government do to its taxation, expenditure and borrowing to create employment. Some candidates brought out reducing interest rates, etc which are not part of fiscal policy!

QUESTION SEVEN

The general performance on the question was poor. Of the 99 that attempted the question, only 63 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.6% was recorded. The highest score was 18 while the lowest was 1 out of 20.

The question was divided into three parts namely (a) to (c) as follows:

(a) Required candidates to outline any five (5) benefits of international trade. This was correctly done by many candidates.

(b) Required candidates to describe any four (4) methods that can be used as barriers to trade. This was well answered by majority of the candidates. However, a few candidates provided arguments for use of barriers to trade instead of the methods or the form that these barriers can take!

(c) Required candidates to (i) calculate the given exchange rates from the given data. Fairly done, though some candidates failed to compute the exchange rates. This was just the reciprocal or 1 divided by the given rate. (ii) describe the flexible exchange rate regime. This was fairly done as well.

Overall performance of candidates

Highest mark obtained in this paper: **90%**
Lowest mark obtained in this paper: **5%**
Overall pass rate in this paper: **43.8%**

DA4 INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was very good. Of the 95 that attempted the question, only 78 managed to obtain at least 10 out of the available 20 marks. A pass rate of 82.1% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This was a compulsory multiple choice question.

QUESTION TWO

The general performance on the question was poor. Of the 62 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 33.8% was recorded. The highest score was 18 while the lowest was 1 out of 20.

This question required candidates to:

(a)   Explain the following features of excel with an example.
   i.   Cell reference
   ii. Function
   iii. Merge and centre
(b)   Differentiate legal issues from ethical issues.
(c)   Information is derived from raw data. This raw data should be of quality in order to produce quality information for decision making.
(d)   Explain the differences between data and information
(e)   Explain the following functions with an example SumIF, =sumif (A1:A3,">3")

The low performance was attributed to some of the following common mistakes: -

   – Students could not clearly explain what a cell reference was and were explaining it as an active cell
   – Students could not define a function as a predefined formula
   – Some students were interchanging the terms e.g. data is unprocessed information and information is processed data
   – Most students did not explain the SumIF function correctly. They confused the part the total should be 3 instead of adding the values in the range that are greater than 3.

QUESTION THREE

The general performance on the question was poor. Of the 76 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 21% was recorded. The highest score was 15 while the lowest was 1 out of 20.

This question required candidates to:

Give any three (3) advantages of data warehousing in part (a) and to

Explain the following types of Information Systems

     (i)   Management Information Systems (MIS)
     (ii)   Decision Support Systems (DSS)
     (iii)   Knowledge Work Systems (KWS)
     Part (c) required candidates to List any four (4) automatic input devices   and
(d) required them to distinguish between a Command driven and Menu based operating System giving an example of each.

- Most students did not answer the advantages of Data warehousing correctly, instead they were describing it and giving advantages of a Database management system.
- Some students were listing the ordinary input devices instead of the automatic input devices.
- The difference between a command driven and menu based operating system was not correctly coming out when defining or explaining the two.

QUESTION FOUR

The general performance on the question was poor. Of the 51 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 11.8% was recorded. The highest score was 13 while the lowest was 1 out of 20.

This question required candidates to:

(a) Describe the following controls giving appropriate examples;

      i. Hardware controls
     ii. Data controls
    iii. Administrative controls

(b) Describe the structure of a client-server network
(c) Explain the WYSIWYG feature of Microsoft Office
(d) List any three (3) the primary activities of the value chain model

 – Some students avoided explaining controls related to hardware safety but explained hardware instead
 – Some students swapped the explanation of administrative controls with Data controls
 – Some students could not describe the client-server network structure correctly, instead they were explaining the star topology or Local Area Network
 – Most students were leaving the primary activities of the value chain model blank and some students were mistaking the primary activities with support activities

QUESTION FIVE

The general performance on the question was good. Of the 76 that attempted the question, only 40 managed to obtain at least 10 out of the available 20 marks. A pass rate of 53% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Question 5 (a) required candidates to explain the three (3) channels of communication in an organization. While question (b) required them to show the relationship between internal, external, informal and formal communication from the given information in the question. Part (c) required them to state any three (3) barriers to communication. Some of the common mistakes that were observed were:

(a) A communication cycle was presented
   -Some provided reasons for channels of communication in organization
   -Mixing up of downward and upward communication
   -Described the whole communication process
   -Defined elements of the communication process such as encoding and decoding
   -Some answers included medium of communication such: oral, written and visual communication
(b) The relationship between internal and external communication were not clear in some cases
- Some candidates drew an organization structure
- Wrong content was mostly provided
(c) – confused the barriers to communication to factors affecting the medium of Communication.

QUESTION SIX

The general performance on the question was good. Of the 51 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 74.5% was recorded. The highest score was 19 while the lowest was 2 out of 20.

This question required candidates to define formal communication and state any three (3) social media platforms that can be incorporated in the formal channels of communication of an organization in part (a) and (b). Part (c) required candidates to explain any five (5) advantages of incorporating social media into the formal communication system of an organization while part (d) required them to state any five (5) challenges that are likely to occur when social media is incorporated in the formal communication system. The following were some of the common errors:

(a)   Candidates indicated other forms of media not necessarily the social media ie internet, bowers and email which was not the case

(b)   Social media plat forms we presented as internet, radio a television.

(c)   Advantages of using the social media were presented as characteristics of good information.
   o   Other candidates wrote on advantages of formal communication

(d)   A lot of repetition of answers   on this question
   o   candidates wrote on challenges of formal communication

QUESTION SEVEN

The general performance on the question was poor. Of the 62 that attempted the question, only 45 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 2 out of 20.

In question seven, candidates were required to state any two (2) reasons why note making is very important in part (a) of the question and in part (b) to explain on any five (5) note making techniques in order to be effective in that area from a given statement in the question. The last part of the question required candidates explain the three (3) types of questions that can use during a business discussion. Some of the common mistakes were:

(a)   Reasons for listening skill were presented which was not the case

(b)   Mixed up the techniques with listening skill's techniques

(c)   Failed to identify and explain the types of questions. Type of questions written as mature question and middle questions which were wrong.

Some candidates presented the actual questions as types/classes of questions.

Overall performance of candidates

Highest mark obtained in this paper: **79%**
Lowest mark obtained in this paper: **17%**
Overall pass rate in this paper**:** **48%**

DA5 COST ACCOUNTING

QUESTION ONE

The general performance on the question was not good. Of the 159 that attempted the question, only 68 managed to obtain at least 10 out of the available 20 marks. A pass rate of 43% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This multiple choice question was generally well attempted.

QUESTION TWO

The general performance on the question was good. Of the 152 that attempted the question, only 109 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.7% was recorded. The highest score was 20 while the lowest was 1 out of 20.

With part (a) (i), candidates were able to calculate the materials price and usage budget without difficulties. A few mistakes were made by candidates when calculating the material's standard cost.

With part (a) (ii) the majority of candidates had challenges calculating the labour rate variance. Instead of using the actual hours paid for, they were using the actual operating hours.

QUESTION THREE

The general performance on the question was poor. Of the 94 that attempted the question, only 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 14.9% was recorded. The highest score was 17 while the lowest was 1 out of 20.

The question was on Process Costing where candidates were required to prepare various process accounts. The Process accounts requested were as follows:

(i) Process 1
   Many candidates who attempted the question failed to compute cost per unit and the valuation figures. The format too of the solution was not done accordingly. However, few candidates who were prepared scored very well and obtained a good grade.
(ii) Process 2
   Many candidates who attempted the question failed to compute cost per unit and the valuation figures. The format too of the solution was not done accordingly. However, few candidates who were prepared scored very well and obtained a good grade

(iii) Scrap

Many candidates left out this part except for a few and this part was poorly attempted.

(iv) Abnormal loss/gain

Many candidates left out this part except for a few and this part was poorly attempted.

The topic is from the syllabus and therefore shall continue to be examined.

QUESTION FOUR

The general performance on the question was poor. Of the 142 that attempted the question, only 100 managed to obtain at least 10 out of the available 20 marks. A pass rate of 70.4% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The question examined the marginal costing and absorption costing profit statements and required candidates to present a reconciliation of profit differences under the two systems.

This question was well attempted by most candidates.

QUESTION FIVE

The general performance on the question was very poor. Of the 100 that attempted the question, only 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 5% was recorded. The highest score was 14 while the lowest was 1 out of 20.

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

Part(a) required candidates to calculate ordering costs. A good number of candidates could not compute the ordering cost. The majority of candidates were just simply multiplying 10 by 1125 EOQ which was wrong.

The Holding cost was also wrongly calculated by the majority of candidates by dividing the annual demand by EOQ which made the whole calculation to be wrong.

QUESTION SIX

The general performance on the question was poor. Of the 126 that attempted the question, only 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 20.3% was recorded. The highest score was 13 while the lowest was 1 out of 20.

This question required the students to show understanding of bonus schemes in work places. It was well attempted, yet, few scored high marks.

(a)

i. Required the students to describe an 'Individual bonus scheme'. Many wrote about the effects of bonus schemes in general, missing t6he question all together.

ii. Here a brief description of 3 main characteristics of an Individual bonus schemes were required – fewer than 10 candidates were scored all the marks. The majority described the general effects of bonus schemes usually bordering on motivation and encouraging production.

iii. Majority of the candidates rightly pointed out the fact that an individual bonus scheme would not suit a work environment where employees are organized in groups.

iv. Many candidates did not know the factors that make individual bonus schemes to succeed. Again here, the effectiveness of the schemes was about making workers put in more hours, yet it is true that working longer hours only resulted in more overtime hours, an increase in operation cost as opposed to increasing efficiency.

(b)

i. (i). In general, students were able to distinguish integrated from interlocking cost accounting systems.

ii. (ii). Almost everyone was able to score good marks on this part of the question.

Part (b) (i) required candidates to explain the term "Economic order quantity" this part was well attempted. However, we had a number of candidates who could not define or explain what EOQ is as they simply said "it is a quantity to be ordered "which was wrong.

Part (b) (ii) required candidates to compute the EOQ and candidates could manage to write the correct formula but the contents of the formula, the figures they used were wrong. Despite being given annual demand, it was shocking to see candidates re computing the annual demand and ended up of using wrong figures.

Part (b) (iii) required candidates to compute the numbers of orders to be placed; again this was poorly answered as many candidates used 1125 units instead of 1500 units.
Part C was almost completely left out by many candidates, only one candidate obtained full marks as many candidate could not know which figures to include in the calculation. Even using already given figures it was a challenge to candidates.

Part (d) was wrongly calculated and this was due to failure to calculate part C. however many candidates commented correctly that the discount was financially viable and should be accepted.

Overall performance of candidates

Highest mark obtained in this paper: **81%**
Lowest mark obtained in this paper: **4%**
Overall pass rate in this paper: **40.4%**

DA6 BUSINESS LAW

QUESTION ONE

The general performance on the question was excellent. Of the 105 that attempted the question, only 92 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.6% was recorded. The highest score was 20 while the lowest was 4 out of 20.

This was a multiple choice based question. The performance generally was good on the question.

QUESTION TWO

The general performance on the question was poor. Of the 102 that attempted the question, only 54 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52.9% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This question was divided into four parts. Under Part (a) all candidates managed to identify the tort, but under part (b) a few managed to give the correct reason why a small amount of damages would be awarded. All candidates managed under part (c) to identify the three elements of negligence. Part (d) about half of the candidates who attempted the question managed to identify the duties of the partner. Those who did not give the duties were giving the rights instead. All candidates correctly identified the indigenous sources of law in Zambia. The general performance was very good.

Going forward candidates are encouraged to study all topics and know them in great details.

QUESTION THREE

The general performance on the question was poor. Of the 69 that attempted the question, only 52 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.4% was recorded. The highest score was 18 while the lowest was 5 out of 20.

This question had four parts based on a scenario. Part (a) appeared to be difficult to students as they failed to address the issues raised in the question which was to identify the type of contract the scenario was about. Students attempting this question could not properly identify. For students to successfully address a question like that, it is imperative that they have knowledge of the different elements that constitute a simple contract and how it is different from a contract of Deed.

Part (b) was on invitation to treat. Students seem to have understood what an invitation to treat is and where hence able to give answers to the question correctly. The challenge that seem to have been noted with some students however is that they could not say at one point an invitation to treat would then become a contract.

Part (c) required students to define a condition in light of the scenario. 50% of the students did not understand this part. Going forward, focus should be made on how questions as this one ought to be tackled.

QUESTION FOUR

The general performance on the question was poor. Of the 67 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 34.3% was recorded. The highest score was 16 while the lowest was 1 out of 20.

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

(a) This question focused on employment law contracts. Students were expected to demonstrate understanding of the same. Most students managed to deal with the required tests used to distinguish contracts for services from contracts of services.

However, some students did not understand what the question wanted from them. They went ahead to compare the two contracts and neglected to deal with the tests used by courts. This costed the candidates valuable marks. For the future, candidates are encouraged to study and have a clear understanding of the distinction between a contract of service and contract for services. They should especially look at the tests developed by the courts in determining the distinction between the two.

(b) This part required students to explain what an exclusion clause is and a good number were able to and managed to pick out legal issues with ease. In future students should be advised to revise the topic and understand the issues relating to the topic better and the Zica manual adequately covers the topic.

QUESTION FIVE

The general performance on the question was good. Of the 92 that attempted the question, only 63 managed to obtain at least 10 out of the available 20 marks. A pass rate of 68.5% was recorded. The highest score was 17 while the lowest was 2 out of 20.

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

(a) This question required students to discuss the importance of a partnership deed. About 80 percent of the candidates who answered this question performed well. Others struggled understanding what the question was about and required them to do as manifested in what they answered.

(b) This part was about agency and required students to define what agency is. About 90% of candidates were able to deal with the question well.

(c) The question was about different types of partners there are. A number of candidates were able to highlight the implications of being a general partner as required in the question. Otherwise over all, the students performed well on the question and going forward they are simply encouraged to engage more with the Zica manual where all the issues are found.

QUESTION SIX

The general performance on the question was poor. Of the 84 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 29.7% was recorded. The highest score was 17 while the lowest was 2 out of 20.

Question six was attempted by most candidates and the performance was not as satisfactory with students scoring. Three quarters of the candidates managed to identify implied terms in the Sale of Goods. Those who did not get it right made a mistake of just guessing. Majority of the candidates managed to list types of torts, those who failed showed little knowledge of the law of tort. On the part candidates managed to give the conditions to be met by a custom before it can receive judicial recognition.

Overall performance of candidates

Highest mark obtained in this paper: **73%**
Lowest mark obtained in this paper: **18%**
Overall pass rate in this paper: **50.5%**

DA7 PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was very good. Of the 73 that attempted the question, only 52 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.2% 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 very good. Of the 52 that attempted the question, only 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78.8% was recorded. The highest score was 19 while the lowest was 0 out of 20.

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

Part (a) required candidates to explain the Henri Fayol's five (5) functions of management.

Part (b) required candidates to define the term "Esprit de corps" according to Henri Fayol.

QUESTION THREE

The general performance on the question was very good. Of the 65 that attempted the question, only 48 managed to obtain at least 10 out of the available 20 marks. A pass rate of 73.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had three parts (a), (b) and (c). It was answered by almost all the candidates.
Part (a) required candidates to Identify and explain the three (3) stages in change management model suggested by Kurt Lewin.
Part (b) asked candidates to briefly explain delegation and state any three (3) benefits of effective delegation.
Part (c) requested candidates to briefly explain the meaning of limited liability and state any other four (4) advantages of a company form of business ownership.
This question was attempted by almost all the candidates who also scored good marks.

QUESTION FOUR

The general performance on the question was good. Of the 65 that attempted the question, only 37 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.9% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had three parts: (a), (b) and (c). It was also attempted by almost all the candidates.

Part (a) asked candidates to, with a relevant example, briefly explain the following as they relate to SWOT analysis: Strengths, Weaknesses, Opportunities and Threats.
Most candidates answered this part well.

Part (b) required candidates to explain autocratic and democratic styles of leadership. This was also correctly answered by most candidates.

Part (c) asked candidates to state any four (4) reasons for individual resistance to change. This was also answered correctly.

Overall, this question was not well answered by the candidates.

QUESTION FIVE

The general performance on the question was very good. Of the 58 that attempted the question, only 44 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.8% was recorded. The highest score was 17 while the lowest was 0 out of 20.

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

Part (a) was on motivation.
Candidates were asked to use the Maslow's Needs theory to explain how employees can be motivated at each stage. This was answered well by most candidates.

Part (b) asked candidates to explain some of the external forces that influence organizational culture.
This part was not well understood by the candidates. They either wrote wrong answers or left this part out. Only technology was correctly answered.

QUESTION SIX

The general performance on the question was poor. Of the 47 that attempted the question, only 32 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 0 out of 20.

This question had three parts: (a), (b) and (c). This was the least attempted question on the whole paper. Most candidates just avoided it altogether.

Part (a) asked candidates to explain five (5) advantages of nationalization.

Part (b) asked candidates to show three (3) differences between the Private limited company and Public limited companies.

Part (c) asked the candidates to explain the two (2) objectives of Community non-profit making organizations.

Most candidates did not answer this question well as they did not understand what the terms meant.

Overall performance of candidates

Highest mark obtained in this paper: **91%**
Lowest mark obtained in this paper: **22%**
Overall pass rate in this paper: **56.3%**

DA8 FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was good. 125 of the 180 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 69.4% was recorded. The lowest mark recorded was 2 while the highest was 24.

This was a compulsory question that required the candidates to prepare the consolidated statement of financial position for Mlulu group for the year ended 31 March 2021. Overall, this question was attempted fairly well, as it mainly covered frequently examined and core aspects of the syllabus. Most of the candidates were able to correctly perform calculations related to good will, group retained earnings, non-controlling interest and investment in associate.

However, a good number of candidates had challenges in calculating the deferred consideration at acquisition of the subsidary together with the unwinding of the discount. Candidates could not apply correct formular and used wrong number of years thereby leading to wrong present value.

Additionally, candidates could not correctly calculate the fair value gain of financial asset and they had difficulties in calculating the pre-acquisition retained earnings of the associate. On FV gain of financial asset, the issue was to calculate the FV of financial asset investment at the start of the year i.e K50 million (K346 million – K240 million – K56 million) and making comparison with the reporting date fair value figure of K56 million thereby resulting in a gain of K6 million.

In the case of pre-acquisition retained earnings of the associate, candidates could not determine that the profit for the year of K40 million meant that the three months post acquisition was K10 million (3/12 x K40 million) thereby leaving the pre-acquisition retained earnings of K67 million (K77 million – K10 million).

Another point of weakness was few candidates who wasted time by calculating the NCI which was already provided in the question thereby making the wrong entry whereas others were consolidating the associate and indeed others were adding the share capital of the subsidiary to the parent. It was also observable that candidates had significant problems in the treatment of intra group balance cancellations where the cash in transit of K4 million was being added to receivables instead of being subtracted

and completely omitted from bank and yet others added the K14 million to trade payables instead of subtracting it.

QUESTION TWO

The general performance on this question was poor. 45 of the 177 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 25.4% was recorded. The lowest mark recorded was 3 while the highest was 25.

The general performance on this question was fair and better than performance on similar question in past sittings.

The question required candidates to prepare a statement of profit or loss and other comprehensive income for Chiseka Ltd. Some students were able to make the correct adjustment for revenue but most of them showed lack of knowledge on how to calculate the commission value of =12%*22.5million=2.7 million and most candidates were able to subtract the sales for the commission that was included in the revenue figure. The free marks for the distribution and administration costs were achieved by most of the students. The depreciation calculation for buildings seemed to be a challenge to most candidates as they failed to get the correct figure amounting to 7,111 (K320 million/45 years).

Candidates failed to appreciate the fact that once an asset is revalued, its depreciation should be based on remaining life from date of revaluation, which in this case was 45 years. Original life was 50 years and accumulated depreciation in the trial balance of K25 million means 5 years had passed. On a positive note, most of the candidates were able to calculate the figure for the depreciation for Equipment. Further, most candidates were not able to come up with the correct revaluation figure that was to be taken in the other comprehensive income but a few candidates were able to.

The calculation for the cost of sales was also another challenge that noted for most students. Some students were deducting the closing inventory from the figure given as cost of sales in the trial balance instead of just adjusting for the inventory that was understated.

Part (b) of the question required candidates to prepare the statement of changes in equity, this part of the question was poorly answered as most students failed to bring in the correct opening balances for the equity share capital, share premium and revaluation reserve, most of them picked the trial balance figures which were closing

balances. The retained earnings figure was the easy one as most of the students were able to bring in the correct amount. The calculation for the dividend amount for the statement of changes in equity seemed to be a challenge for most of the students.

Part (c) of the question required the students to prepare the statement of financial position; a handful of candidates were able to pick the free marks by bringing in the figures that did not require any adjustments. Most students showed lack of knowledge on the computation of the convertible loan carry amount to be shown in the statement of financial position and the equity component. A reasonable number of candidates also showed lack of knowledge on how to calculate the tax payable figure and the dividend payable for the Statement of Financial Position. All future candidates are hereby reminded to familiarize themselves with common adjustments for this type of question in order to improve performance on it.

QUESTION THREE

The general performance on this question was not good. 68 of the 157 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 43.3% was recorded. The lowest mark recorded was 1 while the highest was 21.

The question had two parts (a) and (b). Part (a) required candidates to prepare statement of cash flows and part (b) required candidates to explain why profit earned by an entity does not equal the change in bank/cash balances.

Part (a) was generally well attempted with majority candidates failing to derive correct figure for trade payables to be used for part of working capital movement. The candidates failed to appreciate the content of note (iii) in the question which categorically stipulated what was contained in the statement of financial position figures for trade and other payables.

The other weak point from part (a) was failure by a good number of candidates to derive correct figure for purchase of Property, plant and equipment. Some of the issues with this working were failure to include revaluation surplus increase in the working, with few candidates subtracting instead of adding it in the account. A handful of candidates credited proceed on disposal instead of carrying amount of disposed asset in the PPE working; others swapped opening balance with closing balance and vice-versa in the account with many candidates leaving out depreciation expense from credit of PPE at carrying amount account.

Part (b) of this question was generally poorly attempted as majority candidates could not explicitly explain how profit differs from cash balance hence contributed highly to

the low marks obtained on the question. Future candidates are reminded to always pay particular attention to theory parts of each topic as they prepare for this exam.

QUESTION FOUR

The general performance on this question was very poor. 1 of the 29 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 3.4% was recorded. The lowest mark recorded was 1 while the highest was 17.

This question required the candidates to consider three accounting standards among them were IAS 20 *Accounting for Government Grants and disclosure of government assistance*, IFRS 9 *Financial Instruments* and IAS 36 *Impairment of assets*. Overall, this question was poorly done by a very few candidates that attempted it.

Transaction One had two parts. Part (i) required candidates to explain the difference between revenue grant and capital grant. This part was fairly answered by few candidates. However, it was disappointing to note the minority of candidates had knowledge gap. Part (ii) required an explanation of the appropriate accounting treatment of the grant and amounts to be recognized in the financial statements. Disappointingly, candidates could not provide any explanation and performed selected calculations related to depreciation. Candidates were also unable to determine which amount could be taken to P&L and which one to take to SFP. Potential future candidates are strongly advised to invest some time on this commonly examined and important standard.

Transaction two was about IFRS9. The question required candidates to explain the appropriate accounting treatment of the loan notes and stating the amounts to be recognized in the financial statements. It appears candidates do not like this reporting standard almost all of them could not provide any explanation and performed selected calculations related to initial measurement amount of the loan note. Candidates were also unable to determine which amount could be taken to P&L and which one to take to SFP. Potential future candidates are strongly advised to invest some time on this commonly examined and important standard.

Transaction three was on IAS 36 with emphasis on Cash Generating Unit (CGU). Part (i) required candidates to explain the accounting treatment of impairment loss of the CGU. It was disappointing to note that significant majority of the candidates who attempted this question could not explain the three-level allocation basis of firstly the specifically impaired, secondly good will and then lastly on a proportional basis to the remaining assets.

Part (ii) required candidates to compute the amount at which the CGU would be recognized after the impairment review. The common weakness here was the style of presentation. Candidates could not clearly lay out the necessary headings related to the

asset, carrying amount, impairment loss and recoverable amount instead; candidates were just listing the figures. It was even more disappointing to see that some weaker candidates could record impairment losses to current assets. Future candidates are urged to study thoroughly all accounting standards within the DA8 syllabus.

QUESTION FIVE

The general performance on this question was poor. 53 of the 163 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 32.5% was recorded. The lowest mark recorded was 1 while the highest was 23.

This question required the candidates to describe and explain the IASB conceptual framework for financial reporting. Overall, this question was done fairly well, however, it appears candidates were either caught unaware or they self-study on this and focus on spotting question. Future candidates are advised that all sections of the syllabus are examinable.

Part (a) required candidates to state the objective of the general-purpose financial reporting. This was fairly done well though most of the answers lacked structured approach.

Part (b) required candidates to describe the five main elements of the financial statements. The bulk of the marks were allocated to this part and it was by far the most poorly answered part. Common answers were centered on describing statement of profit and loss, statement of financial position and statement of cash flow rather than assets, liabilities, equity, income, and expenses. This was extremely disappointing that candidates could fail mere identification of elements of financial statements.

Part (c) required candidates to explain the underlying assumption in the preparation of the financial statements. This part was fairly done. However, weaker candidates failed to recognize that the assumption was a going concern but rather wasted time in explaining the accounting standards and accrual concept.

Part (d) required the candidates to explain the qualitative characteristics of financial information related to faithful representation, relevance, comparability, and verifiability. This part was well done. However, there were a significant minority that used the same terminologies to explain the characteristics and for those candidates who did that scored zeros. For example, stating that relevance means information must be relevant without further expansion was not awarded marks.

The whole question was a mark spinner for those candidates who were prepared with the part of the syllabus. Like it has been said on all questions, future candidates are reminded not to let easy marks like those that came with this question to bypass them.

Overall performance of candidates

Highest mark obtained in this paper: **80%**
Lowest mark obtained in this paper: **10%**
Overall pass rate in this paper: **44.1%**

DA9 MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was very good. 92 of the 229 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 40.2% was recorded. The lowest mark recorded was 1 while the highest was 24.

This question was compulsory to candidates and it was examining them on budgeting. The question had two parts (a) and (b).

Part (a) (i) required candidates to calculate sales budget, this part was well attempted. There were few candidates who adjusted the sales forecast wrongly.

Part (a) (ii) required candidates to prepare production budget. This was poorly answered despite the question asking candidate to provide answer in units of production, but were busy giving the answer in amounts which was wrongly calculated and time was wasted as a result. The major trouble for most candidates was the failure to calculate opening and closing inventory.

Part (a) (iii) required candidates to prepare direct labor budget. The major trouble for most candidates was the failure to use the correct units and adjusting the price increases as given in the question. The idle time calculation was also wrongly done. Candidate should try and go through the worked out solutions to avoid them getting stuck with such questions on budgeting which are repetitive in nature.

Part (a) (iv) was well answered part, as it required candidates to prepare a Raw material budget. A good number of candidates were able to obtain all the marks.

Part (a) (v) required candidate to calculate raw material purchases budget. The source of trouble was the adjustment for the fault unit's % as it was wrongly calculated.

Part (b), this was well answered by many candidates as they correctly outlined the steps in decision making process. However, we had few who were talking about level of decision making in an organization which was wrong.

QUESTION TWO

The general performance on this question was very good. 27 of the 229 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 11.8% was recorded. The lowest mark recorded was 1 while the highest was 24.

This was one of the compulsory questions in the paper as such it was a popular question and was examining the Cost Volume Analysis or simply the Breakeven Analysis.

The question had four parts (a – d).

Part (a) Candidates were being examined to calculate the breakeven point in units (pairs of sandals) and revenue.

Generally candidates scored well here but for others failed to work out variable costs and such could not come up with correct figures of breakeven points in units and other related figures.

Part (b) Candidates were requested to calculate the margin of safety in units (pairs of sandals) and revenue.
Owing to incorrect figure of breakeven point in units in (a) above candidates failed to state the figures of margin of safety in units and in revenue saves for a few candidates.

Part (c) Here candidates were requested to compute the number of pairs of sandals Daka must sell to make certain level of profit.
Unless for that candidate got the sales per unit correctly, the results were disastrous but generally many candidates were able to follow through.

Part (d) had 3 parts as follows:

(i) To explain the six (6) factors relating to pricing- in most cases well explained
(ii) To calculate the Profit maximization price – fewer challenges were seen here
(iii) To explain two (2) effective ways of applying price discrimination – the explanations were acceptable in most cases.

QUESTION THREE

The general performance on this question was fair. 91 of the 202 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 45% was recorded. The lowest mark recorded was 1 while the highest was 24.

This question was on standard costing and variance analysis. It was attempted by many and majority scored high marks. It the attempted optional question.

(a) The candidates were required to prepare a cost card. Almost half of the candidates who attempted the question were able to prepare the cost card but some did not proceed to calculate the contribution (profit).

(b) The question required the candidates to calculate relevant variances – it gave students a lot of room to decide on the variances of their choice. A good number of candidates managed to calculate many variances accurately.

(c) A reconciliation of the budgeted with the actual income statement was required. This area was poorly answered. Only a handful of students saw the need to calculate the budgeted income statement for comparison with the actual profits achieved. Very few marks were scored here.

QUESTION FOUR

The general performance on this question was poor. 17 of the 161 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.5% was recorded. The lowest mark recorded was 1 while the highest was 21.

Generally, the question was answered by the majority of candidates and the performance was average. The following were the noted challenges:
- Candidates could not come up with calculations to support their decision.
- Candidates could not explain the major issues to consider when assessing the credit worthiness of a customer.
- A lot of candidates failed to explain the three main aspects of factoring including its benefits.

QUESTION FIVE

The general performance on this question was poor. 28 of the 93 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 30.1% was recorded. The lowest mark recorded was 2 while the highest was 24.

- Question five examined shutdown decisions and the qualitative factors which should be considered before shutting down a department. It further requested candidates to explain the difference between quantitative and qualitative factors; and to also calculate the life cycle cost per unit.
- This question was not very popular and, therefore, most candidates avoided it.
- For those who answered the question the overall answers were poor. The part on deciding whether to cease or continue was not ably handled. A good number of candidates copied down the question and then went on to answer it. This was a waste of valuable time. Candidates should have made this decision on the basis of total contribution and not profits. The quantitative factors were well explained but

most candidates could not distinguish between quantitative and qualitative factors giving answers such as qualitative factors have to do with quality whereas quantitative ones do not. Simply put: qualitative factors are those factors that can be expressed in numbers (e.g. production units, sales revenue) whereas qualitative factors can only be expressed in numbers with difficult (e.g. morale, comfort, courtesy, quality). Life cycle costs were ably calculated.

The pass rate was 30%, the highest score was 96% and lowest 0%.

Overall performance of candidates

Highest mark obtained in this paper: **76%**
Lowest mark obtained in this paper: **3%**
Overall pass rate in this paper: **38%**

DA10 TAXATION

QUESTION ONE

The general performance on this question was good. 52 of the 95 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 54.7% was recorded. The lowest mark recorded was 1 while the highest was 20.

This question was on employment taxation and farming and had three parts (a), (b) and (c).

In part(a), candidates were required to state payments that are made to an employee declared redundant and to explain their tax treatment.

In part (b), candidates were required to calculate income tax payable.

In part(c):

i) Candidates were required to explain the meaning of farming improvements and farm works.

ii) Candidates were required to state types of expenditure that would qualify for farm improvement allowance.

iii) Candidates were required to state types of expenditure that would qualify for farm works allowance.

Candidates' performance
This question was well attempted by most of the students with the exception of a few candidates who failed in handling the following tax issues:

Part a), was well answered except a few candidates could not explain the tax treatments of the redundant payments.

Part b)
   - Time apportionment   of employment period which was 9 months.
   - Failure to gross up the royalties figure
   - Failure to deduct the withholding tax component paid.

In part c), most candidates were failing to clearly draw the difference between farm improvement and farm works and difficulties in defining the two.

QUESTION TWO

The general performance on this question was good. 48 of the 93 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 51.6% was recorded. The lowest mark recorded was 1 while the highest was 22.

This question was on the taxation of company farming and capital allowances three parts, (a), (b) and (c)

In these three parts, candidates were required to calculate the maximum capital allowances, taxable business profit and income tax payable.
for the tax year 2021 respectively.

For par a), the question was well answered with just a few candidates failing to use Correct Rate for certain expenditure and could not calculate the balancing charge.

For part b), a few candidates had challenges on the tax treatment of investment income
On part c), most candidates could not apply the correct tax rate taking into consideration
of 5% and 2% discount for issuing more than 1/3 of shares to the indigenous Zambian and listing the company on LUSE.

QUESTION THREE

The general performance on this question was fair. 32 of the 76 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 42.1% was recorded. The lowest mark recorded was 3 while the highest was 24.

This question was on the taxation of a partnership which changed during the year by admitting a new partner and it had two parts (a) and (b).

In part (a) candidates were required to explain qualities of a good tax system.
Part (b) had parts:

(i)   Candidates were required to calculate the partnership's taxable business profits .
(ii)   Candidates were required to show the allocation of taxable profits to each partner and calculate the amount of profits on which each partner will be assessed

(iii)   Candidates were required to calculate each partner's income tax payable for the year

Part (a) of the question was well answered by most candidates.

Part (b) (i) The income tax payable calculation needed candidates to first calculate the taxable profit after capital allowances and then allocating this profit to the two time periods and then sharing the profits between the partners in accordance with their agreed partnership terms and lastly computing the tax payable by each of the partners.

In part (ii) Most of the candidates failed to timely apportion the residual income accordingly and scored poor marks, this may be attributed to wrong final adjustable taxable profit.

QUESTION FOUR

The general performance on this question was poor. 22 of the 55 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 40% was recorded. The lowest mark recorded was 2 while the highest was 22.

This question was on Customs and VAT.

In parts (a), candidates were required to explain how the independent taxation system operates in Zambia.

In part (b) candidates were required to calculate the total import taxes payable on importation of the motor vehicle.

In part (c):

(i)   Candidates were required to calculate the amount of VAT payable for the month of December
(ii)   Candidates were required to explain the advantages and disadvantages of a VAT registered supplier.

This question was well attempted by most of the candidates.
Candidates Performance:

Part (a) was poorly answered by most of the candidates. Most candidates exhibited total ignorance about the question requirement.

Part (b) of the question was well answered by most candidates, however a few errors were noticed such as; wrong application of customs duty and excise duty

Part (c) the performance was average and most candidates failed to correctly compute the correct VAT payable because of:

Wrong computation of VAT payable and INPUT VAT especially on purchases and Bad debts figures.

QUESTION FIVE

The general performance on this question was poor. 20 of the 60 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 33.3% was recorded. The lowest mark recorded was 1 while the highest was 20.

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

Part (a) required candidates to state powers of the Commissioner General.

Part (b) candidates were required to explain with reasons the tax to be paid and compute
the amount of TAX.

In part (c)
(i)   Candidates were required to calculate the taxable business profit
(ii)   Candidates were required to calculate the income tax payable

Part (a) was well answered by most candidates, but a few wrong answers were noticed some candidates were explaining general and executive powers of a commissioner general which were not necessary.

In part (b) this was well answered part.

In part (c) some candidates failed to correctly calculate the goods taken for personal use and the difference on the sons salary., hence computing wrong adjusted business profit

Part (ii) most candidates failed to compute a correct income tax payable because of using a wrong adjusted business profit.

Overall performance of candidates

Highest mark obtained in this paper: **79%**
Lowest mark obtained in this paper: **18%**
Overall pass rate in this paper: **48.3%**

DA11 PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was very poor. 1 of the 208 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 0.4% was recorded. The lowest mark recorded was 1 while the highest was 20.

Part (a) (i) of this question required candidates to discuss the implication of fraud on completion of the audit and action the auditor should take. The main areas of the answers should have concentrated on whether the materiality of fraud concerned was pervasive to the financial statement to make the auditor amend his opinion or not. This should have involved ascertaining whether the amount involved was material or not in writing and not just verbal. Instead of answering the question correctly, most candidates wrongly went into definition of fraud and auditors and management responsibilities with regards to fraud and got it wrong.

Part (a) (ii) required candidates to comment on the sufficiency of and appropriateness of audit evidence regarding development costs and receivables. The question did not ask for the meaning or differences between sufficiency and appropriateness to be explained. Unfortunately, most candidates did that and lost valuable marks.

Part (a) (iii) required candidates to explain what action auditors were required to take and further Audit evidence to be obtained regarding development costs and receivables. Most candidates began to explain assertions and audit procedures for receivables such as confirmations that were not asked for. It is important that candidates stick to the question asked for and not necessarily every detail they have read on fraud.

(b) The question required candidates to make comments or critically appraise the extract of an audit report that was given in the question and to make necessary suggestions. The only thing that was required for candidates was to check whether the paragraphs have been written in accordance with repotting standards and if they are not, then to make suggestions that are suitable. Wrong Answers included explanations of emphasis of matter and other matter paragraphs and stating that these paragraphs were actually missing when in fact not. Others simply reproduce the elements of a standard report which was not asked for. One easy critic is that the title was wrong. It stated that the audit report was addressed to the management of Sakala Ltd. It should have been addressed to shareholders. It seems most candidates have a problem in this technical area of reporting.

QUESTION TWO

The general performance on this question was fair. 102 of the 220 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 46.3% was recorded. The lowest mark recorded was 2 while the highest was 22.

Part (a) of this question required candidates to explain control objectives in the scenario. You must recall control objectives as aims or what controls intend to achieve. The question described in point form a sales system for Galaxy General Dealers Ltd. Despite most candidates attempting this question, they confused themselves by explaining weakness which was not the actual requirement of question (c) part (ii). Others did not use the points in the sales system to arrive at a control objective. There is sufficient information on internal control system in the text book for DA 11 or Principles of Auditing. It appeared students who failed this question did not simply study internal controls but wanted to see a question that ask them on identifying weakness only. Others reopened the same description of the sales system from the question and copied as answers which were a share waste of valuable time.

Part (b) Most candidates could not score proper marks on this part as they were Commenting Or Suggesting wrong tests of controls using wrong objectives that were identified in part above. Candidates should be ready either to describe controls and test of controls for the system given or identify weaknesses and recommend action in a given scenario. Tests of controls are designed to verify whether the controls are operating efficiently as designed.

Part (c), (i) Candidates were required to explain here limitations of internal controls. This question had nothing to do with the contents in the scenario. Some of the candidates did not check that this was just a text book question. Wrong answers went on to state that audit procedures may fail. This has nothing to do with detection risks but what can make internal Controls that are designed by management no efficient. Correct answers include costs and overriding of internal controls by management. Others also explained differences between internal and external audits which were not asked for. You can only be given marks for what is asked for.

Part (c), (ii) of this question required candidates to identify and explain four controls deficiencies in the sales system in the question. The question had a lot of deficiencies that were identified and most of them did not have challenges in identifying them. However, a few went on to give recommendations on how such deficiencies can be

overcome. This was a share worst of time and could not even earn any marks for such. You are therefore advised not to fear answering the exact questions as asked. Avoid Stating what the question has not asked you to do.

QUESTION THREE

The general performance on this question was good. 122 of the 217 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 56.2% was recorded. The lowest mark recorded was 1 while the highest was 23.

Part (a) the question required candidates to state five (5) threats and give an example in each case. The question was poorly answered by most candidates. Most of them failed to state the actual threats, with wrong answers mentioning management threat, term which does not exist in the audit standards. Others mistook fundamental or professional codes of ethics such as integrity and objectivity which are completely not required. The poor performance in this question can be attributed to failure to tell the difference between threats to objectivity and independence and codes of ethics.

Part (b), (i), the question required candidates to identify ethical threats during the audit of Global Mnaufactu*ng* Co. And then in part (b) (ii), to suggest suitable safeguards for each threats Most candidates were able to use the scenario and identified correct threats and appropriate safeguards. However, a good number wren actually able to identify threats but gave wrong safeguards. Worst cases involved mentioning of threats generally without using information in the scenario thereby attraction zero marks.

Part (c), the question related to matters to consider prior to accepting and audit engagement. In this case the auditor has been appointed already but they are considering factors to take into account before (prior) to accepting. The firm needs to find out whether they have appropriate skills, and experience financial resources and requesting the new client to authorizing response from pervious auditors. However, most candidates explained the contents of an engagement letter such as audit fees. Candidates need to read the question carefully and give appropriate answers**.**

Part (d), the question was about definition of professional judgement and where it can be applied. Most candidates explained he meaning of professional judgement but failed to give an example of how it can be applied in practice.

Part (e), as in (d) above, candidates were also required to define professional skepticism and its application. Most of them repeated the same mistake of correctly defining professional skeptism but failed to give an example. The worst answers involved guess work on the two terms.

Candidadates should avoid answering only one part of the question as the case was in part (d) and (e) .Marks is allocated for both parts of the question. Therefore, you need

to understand the number of question requirements so that you can spend a bit of time on both requirements**.**

QUESTION FOUR

The general performance on this question was poor. 32 of the 82 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 39% was recorded. The lowest mark recorded was 1 while the highest was 24.

Part (a) (i) required candidates to calculate the ratios that can assist the auditor in planning the audit.

The question was fair but candidates were taken by surprise to see financial ratios in an audit examination. However, it must be noted that audit students are expected to know at least the barest or minimum ratios that can be used when carrying out analytical procedures. As most of them did not expect this, the number of those that attempted was very low. A few candidates had forgotten basic ratios such operating profit margin, current and quick ratios. However, those who made a good attempt managed to scoop all the three marks that were allocated.

Part (a) (ii) required candidates to explain and identify six audit risks and suggest suitable audit response. The question on audit risk has continued to feature regularly and candidates should use past suggested solutions that are posted on ZICA website. This could help them appreciate how to identify an audit risk in a scenario. An audit risk has a chance of misstating figures in the financial statements. For example, sales related, bonus scheme. Management can use this and optimize or apply cut-off early or delay in order to ensure that the get the bonus. However, most candidates began with an explanation of definition of audit risk and the explained its components. The components including detection, inherent and control risks that were all misplaced were not asked for. Others could identify audit risk but failed to give a correct audit report. Ohers misunderstood the question for weaknesses and suggested suitable recommendations.

Part (b) required candidates to explain three factors that auditors can consider before relying on the work of internal auditors. Wrong answers include an explanation of roles of internal auditors such as safeguarding company assets when the question did not state so. The biggest problem candidates have always is lack of understanding the specific question requirements. This is evidenced in almost all questions.

Part (c) required candidates to discuss the importance of assessing risks at the planning stage of an audit. Most candidates just went on explaining the importance of planning in general such as 'it helps the auditor to allocate resources'. Without any reference to how risks can be assessed at the planning stages. This made many candidates to loose valuable two marks.

QUESTION FIVE

The general performance on this question was fair. 56 of the 136 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 41.2% was recorded. The lowest mark recorded was 1 while the highest was 25.

Part (a) the question asked candidates to explain the purpose and meaning of Value For Money(VFM**).** Wrong answers just defined the fir part of the question but failed to break it down into Economy, Efficiency and Effectiveness**.** Other wrong answers defined value for money audit as the value of what customers get out of the product. The question of value for money, in relation to audits. It is the auditor conducting an audit on behalf of the client in order to determine if there was some positive change in the client situation after implementing certain changes or in the manner service delivery is being made.

Part (b) (i) asked candidates to state for benefits of auditor It's important to mention the area or context so that the examiner knows to what type of planning candidates are referring to. A good number failed to relate planning to audit and lost easy marks.

Part (b) (ii) related to importance of documenting the audit work conducted by external auditors. Most candidates managed to answer this question correctly.

Part (b) (iii), asked candidates to explain two audit files which are the permanent and current audit files. This was expected to a very easy question but unfortunately some included wrong answers such management files which do not exist in the audit standards or terminology without comprehending audit terminology it can be difficult for candidates of this examination to excel. While a few could use technical terms in relation to audit files, they failed to give an example of contents of each audit file and lost valuable marks.

Part (c), (i), asked candidates to list four types of account balances relating to payables for circularization. Most candidates did not know that the balances for circularization of payables are nil balances, debit balances, round sum and disputed balances among others. Instead just mentioned the amounts in the current liability section of the balance sheet and did earned very little marks.

Pat (c), (ii), concerned explaining four audit procedures for payables. Most wrong answers simply put up assertions such as existence and occurrence, cut-off and accuracy, without explain how each of those assertions relation to payables can be verified or audited.

Part (c), (iii) asked candidates to explain audit procedures for disputed balances and action hat auditors can take if issues remained unresolved. There was a repeat of the same assertions as in (ii) above without reference to disputed balances. This caused

candidates to loose marks simply because they don't want to understand and follow instructions.

Generally, in most of the questions a couple of grammatical and spelling errors were prevalent. For example, referring to audit staff, as audit stuff which has different meaning.

Overall performance of candidates

Highest mark obtained in this paper: **75%**
Lowest mark obtained in this paper: **4%**
Overall pass rate in this paper: **38.8%**

DA12 GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was very good. 57 of the 81 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 70.3% was recorded. The lowest mark recorded was 2 while the highest was 22.

The question had three parts (a) (b) and (c).

(a) Part (a) was attempted by all students. The performance by most student was good save for a few who did not so well. The question among other required an explanation on the Articles of Association. The few that did not address the question properly seem to have had a challenge understanding what the Article of Association is. This is an indication that the candidates are somehow not quite familiar with the restrictive incidents around Alteration of Articles of Association. Going forward, students should be encouraged to understand the different company documents, what they are about and how they may be altered. Notwithstanding the performance by some, about 80% got the part of the question right.

(b) The question required students to explain two ways of lifting the corporate veil. About 90% gave a correct explanation of the same and got above 50% in the question. Students whose performance on the question was not too good manifested a lack of understanding of what incorporation and the veil of incorporation is. As this is a must know topic, students are encouraged to read and know more on the topic.

(c) The question was bordering on winding up of a company. Most candidates got this question correct. Generally, students performed well on the whole question and should be encouraged to study more on the topic for the future students. Over all, about 90% of the candidates got this question correct.

QUESTION TWO

The general performance on this question was very good. 8 of the 79 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.1% was recorded. The lowest mark recorded was 1 while the highest was 14.

This was a compulsory question and all candidates attempted it. The performance was fair. For part (a) candidates managed to define a debenture but had difficulties in explaining debenture stock. The common mistake is that they were defining ordinary stock and not debenture stock. Under part (b) very few candidates managed to explain the procedure for reduction of share capital most candidates were mistaken for reason why share capital is reduced. On part (c) they were able to explain the powers of the court in reduction of share capital. They also managed to define share capital. Going forward students are encouraged to devote more time in studying each topic.

QUESTION THREE

The general performance on this question was excellent. 63 of the 70 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 90% was recorded. The lowest mark recorded was 5 while the highest was 21.

(a) This question required students to explain 5 corporate governance concepts. The question was heavily attempted although it was optional and the performance was quite good perhaps explaining why the huge attempt. About 80% got this question correct. The ones who missed it did not understand the question completely. For the future candidates must read more on corporate governance in the Zica manual where the information is plentiful.

(b) This question was about the agency and the duties of agents in company law towards the company and other stakeholders. The question was attempted correctly by most candidates with 80% getting it right. The students that got the question wrong showed from their answers that they had not in fact understood the question properly.

(c) This question required one to distinguish paid up capital from reserve capital. Candidates were required to exhibit knowledge of the two topics. Though most students got this question correct. Few students showed ignorance on the topic. The way forward for all prospective candidates is to take enough time to study the topic and be able to support their answer with legal authorities. For the future students should read widely on the subject of agency relationship in company law.

QUESTION FOUR

The general performance on this question was good. 11 of the 19 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 5 while the highest was 14.

The student was attempted by a majority of the students and the performance was fine. The question was fairly presented and easy to understand for any properly prepared student. For the students whose performance was not very good, it appears there was a lack of understanding of what the demands of the question were manifestly arising from a failure perhaps to study the Zica manual. For the future students are encouraged to read through the Zica manual as all questions in the exam arise from the manual. Any student who would have properly read the manual should not have struggled to address the issues arising in the question effectively.

QUESTION FIVE

The general performance on this question was very good. 56 of the 72 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 77.7% was recorded. The lowest mark recorded was 2 while the highest was 25.

The question was based on Corporate Governance and had three parts (a) (b) and (c).

(a) Candidates were required to give attributes of a good company director. A good number unfortunately misunderstood the question most of them misunderstood what the question required. Most wrote about the duties as contained in the Companies Act No 10 of 2017 rather than the attribute of a good company director as the question required.
(b) Part (b) had a different perspective from what part (a) was about. However, most students addressed the part in the same way they addressed the first part. It's imperative for students to be able to distinguish the two separate issues in (a) and (b).
(c) Students should be encouraged to focus more on the Zica student manual the questions in the exams are usually drawn from there. Students who pay attention to the student manual should therefore be expected to perform better than not.

Overall performance of candidates

Highest mark obtained in this paper: **79%**
Lowest mark obtained in this paper: **20%**
Overall pass rate in this paper: **53.7%**