MARCH 2022

CHIEF EXAMINERS' REPORTS

DIPLOMA IN ACCOUNTANCY PROGRAMME

SUBJECT: DA1 – FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was good. Of the 46 that attempted the question, only 29 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63% was recorded. The highest score was 18 while the lowest was 6 out of 20.

QUESTION TWO

The general performance on the question was good. Of the 46 that attempted the question, only 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 57% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to prepare a statement of Profit or Loss account while part (b) required them to prepare a statement of financial position.

i. Loan interest – many candidates only included what was shown in the trial balance.

ii. Treatment of declared dividend and retained earnings b/f. A separate working is encouraged using the following approach.

Profit for the year + retained earnings – dividend

declared = Balance at the end required in the statement of financial position for

Part (b) of question. The statement of profit or loss should end at profit for the year.

iii. Allowance for irrecoverable receivables. Many candidates included the total of K3000. The correct being only the increase of K400 to be expensed in the Profit or Loss account.

Candidates where only subtracting the depreciation expense for the year instead of accumulated depreciation allowance on plant and motor vehicles non- current assets.
Many candidates failed to include the dividends owing under the current liabilities.

QUESTION THREE

The general performance on the question was poor. Of the 46 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 13% was recorded. The highest score was 15 while the lowest was 0 out of 20.
Part (a) required candidates to prepare the following:

i. Draw up the refreshment trading account.

ii. Calculate the accumulated fund at start.

iii.   Draw up the Income and Expenditure account.

iv.   Draw up a statement of financial position.

Candidates who attempted failed to draw up a refreshment trading account, failed to apportion wages figure between trading account and income and expenditure account, failed to calculate the loss on disposal of old quipment. These are basic adjustments which a well prepared candidate must be able to make. Candidate failed to identify the affected accounts for each error.

Candidate omitting the account name by just putting figures in the debit and credit columns.

QUESTION FOUR

The general performance on the question was very poor. Of the 46 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 4% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This question required candidates to prepare ledger accounts and a trial balance. It is unacceptable for candidates to enter level 1 financial accounting examination without understanding basic double-entry book keeping system. Candidates are encouraged to take quality time on double-entry book keeping system.

QUESTION FIVE

The general performance on the question was very poor. Of the 46 that attempted the question, only 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 10.8% was recorded. The highest score was 15 while the lowest was 0 out of 20.

Part (a) required candidates to correct some errors and then redraft the given trial balance.

Part (b) required candidates to calculate each partner's share of profit.

Correcting errors was a challenge e.g correcting the figure for payables and accrued expenses.

Many candidates completely omitted the item heating and lighting since it was not among items listed on the given trial balance. Candidates failed to make the necessary adjustments to the following figures.

QUESTION SIX

The general performance on the question was very poor. Of the 46 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 8.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required candidates to prepare ledger account on plant at cost, allowance for depreciation on plant account and a plant disposal account.

Common errors

i. Many candidates did not observe the partial ownership in the year of purchase and in the year of disposal. This resulted into wrong figures for depreciation.
ii. Failing to show each year's ledger entries in all the accounts.

Overall performance of candidates

i. Highest mark obtained in this paper: 87%
ii. Lowest mark obtained in this paper: 13%
iii. Overall pass rate in this paper: 32.5%

DA2 QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was fair. Of the 64 that attempted the question, only 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 47% was recorded. The highest score was 16 while the lowest was 2 out of 20.

The questions in this section were multiple choices and covered the entire syllabus. Is was observed that most candidates were failing questions that required calculation. The main aim of this section is to allow candidates be able to conduct short calculation and also apply the short definition of concepts and their application to real life scenarios.

QUESTION TWO

The general performance on the question was poor. 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 20 while the lowest was 0 out of 20.

This question was divided into two parts;

Part a; candidates were required to use the method discounting rate to find the rate of depreciation. It was observed that candidates could not understand whether the final value after depreciation would be higher than the original cost. There was an observed use of wrong formula on this question.

Part b; candidates were required to use the given data to draw a scatter plot and find the regression line and the correlation coefficient. It was observed that the performance in this question was very good hence most of the candidates had few struggles in solving the given questions. The few candidates who could not get maximum max were using wrong total from the data hence despite using the correct formula, there was an observed finding of wrong final solution.

QUESTION THREE

The general performance on the question was poor. Of the 47 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 23% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question was divided into two parts;

The first part required candidates to use the method of binomial distribution to solve probability question. It was noted that most candidates failed this question due to inability to effectively use the binomial distribution formula. It was noted that there was an observed swap of the probability of success and the probability of failure in the formula hence an increased chance of making errors in the calculations.

The second part of the question requires candidates to use method of discrete probability distribution. It was observed that candidates could not use the correct formula for calculation of mean and standard deviation of random variables but were rather using formulas applicable to ungrouped numerical data. This made most of the candidates to obtain low marks in this section.

QUESTION FOUR

The general performance on the question was fair. Of the 63 that attempted the question, only 47 managed to obtain at least 10 out of the available 20 marks. A pass rate of 47.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was divided into two parts;

The first part of the question required candidates to use the method of net present value to determine which of the given two project was worth investing in. the performance was very good as most candidates demonstrated knowledge on how to solve this problem.

The second part was a scenario to formulate objective and constraint functions of linear programming. It was noted that candidates struggled to write correct inequalities as most of the candidates were observed to be writing equations instead. The general performance on the linear programing question was very poor due to wrong in equations.

QUESTION FIVE

The general performance on the question was poor. Of the 18 that attempted the question, only 7 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.8% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This question was divided into two parts;

The first part required candidates to use the method of normal distribution to find the required probabilities. It was observed that most candidates were able to use the correct formula to get z-values but could not find correct probabilities from the normal distribution tables hence lost a lot of marks.

The second part of the question required candidates to use the miminmax regret criterion and the Hurwicz criterion to choose a daily supply level from the given data. Half of the candidates demonstrated lack of knowledge to the topic of study as they could not answer this part of the question, the candidates who answered the question successfully were observed to mix up concept of the maximax, mini max and hurwicz criterion hence few obtained full marks.

QUESTION SIX

The general performance on the question was good. Of the 61 that attempted the question, only 32 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was divided into three parts;

The first part required candidates to use the method of Poisson distribution to calculate the required probabilities. It was observed that the candidates used the correct formula and were able to solve part 1 of question correctly. The second part of this question was more confusing to candidates as they were observed to use wrong values to get the required probability hence lost marks.

The second part required candidates to use the given data to find the correlation coefficient. It was observed that the performance in this question was very good hence most of the candidates had few struggles in solving the given questions. The few candidates who could not get maximum max were using wrong total from the data hence despite using the correct formula, there was an observed finding of wrong final correlation.

The third parts of the question require candidates to find a future value using the compound interest method. It was observed that most candidates knew the correct formula but could not use correct conversions of rates using the given compounding method which was quarterly. Marks were therefore lost as the correct answer was not being found if the number of compounding were not used appropriately.

Overall performance of candidates

i. Highest mark obtained in this paper: 89%
ii. Lowest mark obtained in this paper: 5%
iii. Overall pass rate in this paper: 47%

DA3 BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was poor. Of the 50 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40% was recorded. The highest score was 14 while the lowest was 0 out of 20.

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

QUESTION TWO

The general performance on the question was poor. Of the 36 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 44% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This was an optional question on microeconomics. This question divided into three (3) parts namely (a), (b) and (c).

(a) Required candidates to outline any four (4) differences on how a market system and a command economy try to cope with economic scarcity. This part of the question was poorly performed. Majority of the candidates could not show understanding of a command economic system and a market economic system let alone relating to how they address the question of scarcity. Some candidates interchanged the characteristics of the two. A market economic system is also called a capitalist economic system and it is the private sector the addresses the question of scarcity. In contrast, in a command economy, resources are owned and controlled by the government which addresses the question of scarcity.

(b) Required candidates to outline any four (4) factors that may promote economic growth. This is a very common question which some candidates got the full marks allocated. However, other candidates couldn't identify the factors that are needed to spur economic growth.

(c) Required candidates to explain any two (2) characteristics of public goods. Performance was very poor. However, the required one are non-rivarly and non-excludable.

QUESTION THREE

The general performance on the question was poor. Of the 28 that attempted the question, only 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 32% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This was another optional question on microeconomics. This question divided into two (2) parts namely (a) and (b) as follows:

(a) Required candidates to show using demand and supply curves, the effects of the changes in the following factors:

   (i)   Advertising is designed to promote demand. Therefore, it will shift the demand curve to the right leading to an increase in equilibrium quantity and a fall in equilibrium price. Common problem identified was poor graphs. Other candidates failed to identify the fact that it's the demand curve that shifts to the right while the supply curve remains constant. Other candidates, identified the shift but considered a leftward shift in the demand curve.

   (ii)   A rise in costs of production shifts the supply curve to the left. This causes a rise in equilibrium price coupled with a fall in equilibrium quantity. Same errors as in (i) above.

   (iii)   Government subsidy reduces the cost of production therefore has the opposite effects to (ii) above.

(b) Required candidates to (i) find the equilibrium price and quantity from the given equations and (ii) show the effect when the price is K6. Performance was excellent, though some candidates failed to show the implication of the price at K6. Substituting K6 in each of the equations give quantity demanded of 12 while quantity supplies would be 15 creating a surplus of 3 units.

QUESTION FOUR

The general performance on the question was fair. Of the 38 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 47.3% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This was another optional question on microeconomics. This question divided into three (3) parts namely (a), (b) and (c).

(a) Required candidates to distinguish between the short run costs and long run costs. Performance was poor. Majority of the candidates seemed not to understand the difference between short run and long run, let along apply to

costs. The key difference is that in the short run costs include fixed as well as variable costs while in the long run there are no fixed costs.

(b) Required candidates to (i) complete the given table for average costs and marginal costs. Performance was very good. Only a few candidates failed to get the maximum marks allocated. Few candidates seemed to have forgotten the formulae namely AC = TC/Q, and MC = ΔTC/ΔQ, not forgetting that entries for averages is dash or infinite when Q = 0

(c) Required candidates to explain different positions of a perfectly competitive firm:

(i)   Stay in the market in the long run. The firm must make normal profits(P3).
(ii)   stay in the market in the short run when it sis earning supernormal profits (P4) or when it is able to cover all its variable costs(P2).
(iii) Leave the market. This is the shutdown point and occurs when it cannot cover its variable costs (P1).

Performance was mixed on this part of the question. Candidates are advised to understand the key words in the question.

QUESTION FIVE

The general performance on the question was poor. Of the 14 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 28.6% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This was an optional question on macroeconomics. It was the least attempted question. This question divided into four (4) parts namely (a), (b), (c) and (d) as follows:

(a) Required candidates to draw a two sector circular flow model. Performance was poor. Some candidates drew the circular flow without showing the direction of the flows. Other included the government, foreign sector in their answers. Yet others drew graphs with no resemblance of the circular flow. Candidates are urged to study fully all topics.

(b) Required candidates to distinguish between the resource market and product market in the circular flow model. This was poorly done. Most candidates couldn't relate their answers to the circular flow model as required. Examples given were totally offside. All that was needed was to demonstrate understanding that households own the resources but do not produce goods and services hence they sell to firms (Resource market). Firms on the other hand produce goods and services which they do not consume hence sell to households (product market)

(c) Required candidates to calculate the multiplier and the marginal propensity to consume. Again performance was poor, particularly, on MPC. Some candidate

calculated the multiplier but failed to use that answer to find the MPC. Multiplier = ΔGDP/ΔAE while Multiplier = 1/(1 −MPC) for multiplier.

(d) Required candidates to explain the solution to demand deficiency unemployment according to Keynesians. Performance was mixed. Keynesians deals with government expenditure and taxation to achieve economic objectives. Hence the question was, how can the government use its expenditure and taxation to solve cyclical unemployment.

QUESTION SIX

The general performance on the question was very poor. Of the 45 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 13% was recorded. The highest score was 14 while the lowest was 0 out of 20.

This was another optional question on macroeconomics. This was the most popular questions but with the lowest pass rate! This question divided into two (2) parts namely (a) and (b) as follows:

(a) Required candidates to demonstrate understanding of expansionary monetary policy in:

(i) Required candidates to explain any three (3) tools that the central bank can use when it pursues expansionary monetary policy. Performance was fair. However, some candidates failed to bring out and explain the monetary policy tools to achieve this goal. The tools are required reserve ratio policy, interest rate policy, open market operations, and so on.

(ii) This was poorly done. There was clear lack of understanding of money market graph. The demand for money graph is downward sloping to the right while the supply is a vertical straight-line. For expansionary monetary policy, the supply curve shifts to the right leading to increase in money supply and a decrease in interest rates.

(b) Required candidates to explain any four (4) types of unemployment. Performance was fair. But some candidates merely listed the types without explaining them as required and lost some marks. Candidates are advised to address the specific requirements of the question or part thereof.

QUESTION SEVEN

The general performance on the question was poor. Of the 33 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45% was recorded. The highest score was 20 while the lowest was 18 out of 20.

This was another optional question on microeconomics. This question divided into two (2) parts namely (a) and (b) as follows:

(a) Required candidates to four methods that a country can use to reduce its trade deficit other than using quotas and tariffs. The performance was fair. Some candidates seemed not to know what a trade dicit is all about let alone measure

the government can use to reduce it. Candidates are urged to study the entire syllabus.

(b) Required candidates to outline any two (2) advantages and any two (2) disadvantages of a fixed exchange rate regime. Similar to (a) above.

Overall performance of candidates

   i.   Highest mark obtained in this paper: 71%

  ii.   Lowest mark obtained in this paper: 14%

 iii.   Overall pass rate in this paper: 38.5%

DA4 INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was very good. Of the 42 that attempted the question, only 36 managed to obtain at least 10 out of the available 20 marks. A pass rate of 85.7% was recorded. The highest score was 18 while the lowest was 6 out of 20.

This was a compulsory multiple choice question which had ten (10) sub questions. Most of the candidates performed well in this question.

QUESTION TWO

The general performance on the question was poor. Of the 18 that attempted the question, only 7 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39% was recorded. The highest score was 15 while the lowest was 0 out of 20.

The question required candidates to;

(a)   State with an example how the software control will ensure that the system is functional with minimal problems.

(b)   Explain what Differential backup is.

(c)   Distinguish between Knowledge Work systems and Office Automation Systems.

(d)   List any two (2) advantages and two (2) disadvantages of batch processing.

(e)   Give at least two (2) scenarios when an extranet is used in an organization.

The common errors that were observed were;

(i) Most students could not explain how such controls could minimise functional problems. They just managed to give examples
(ii) Some students could not explain differential backup correctly
(iii)A few students managed to explain the difference between KWS and OAS. Some students did not know what these systems are all about.
(iv)Most students could not give proper scenarios when an extranet is used in an organisation

QUESTION THREE

The general performance on the question was very poor. Of the 35 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 9% was recorded. The highest score was 13 while the lowest was 0 out of 20.

The performance on this question was not good. This question required candidates to;

Explain World Wide Web and Denial of Service Attack in part (a) of the question while part (b) required them to distinguish between a Database and a Database Management System. and also distinguish between a Copyright © and a Registered Trade Mark ®. The last part (c) of the question required candidates to give any three (3) advantages of data warehousing. The common mistakes noted on this question were;

(i)   Some of the students could not explain www adequately
(ii) Some students could not explain Denial of service attack correctly
(iii) Most students explain copyright well but could not explain trade mark correctly
(iv) Some students were giving advantages of the database instead of data
      warehousing

QUESTION FOUR

The general performance on the question was poor. Of the 30 that attempted the question, only 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question required candidates to;

Explain the differences between data and information from a given statement in the First part of the question. Part(b) required candidates to (b) explain the following Features of excel with an example
(i)   Cell reference.
(ii)   Function.

Part (c) required candidates to List any five (5) primary activities of the value chain model, while (d) and (e) required them to state the meaning of WIMP and what the acronym URL stands for. The last part (f) required candidates to explain the

Meaning of a macro used in excels. The following were observed as common errors;

(i) Some students answered the difference between data and information well but other students did not give sufficient answers by comparing the two clearly
(ii) Some students had problems with listing the correct primary activities of the value chain model
(iii)Some students failed to state the meaning of WIMP, they were writing something unrelated
(iv)Some students wrongly answered the question on macros and were explaining something to do with large or huge data in excel.

QUESTION FIVE

The general performance on the question was excellent. Of the 22 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 82% was recorded. The highest score was 16 while the lowest was 4 out of 20.

This question required candidates to;

State five (5) reasons oral communication is preferred over written interviews in most Organizations in part (a), while part (b) required them to write a letter of invitation for Interview to a potential employee. The common mistakes that were observed were:

(a) Mostly wrong content was provided and repeated answers.

(b) (i)   Most letter elements such as addresses were left out
     (ii)   The letter appeared as job application letters
     (iii)   Wrong subject line
     (iv)   Very poor message contents
     (v)   Job application letters were written instead of letters of invitations for a job
     (vi)   interview as required by the question.
     (vii)   Very poor grammar and wrong spellings

QUESTION SIX

The general performance on the question was excellent. Of the 35 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 80% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This was the most answered question. This question required candidates to;

Illustrate the four (4) types of communication network patterns that exist in organizations by drawing simple diagrams in part (a) of the question. In part (b) candidates were required to explain vertical, Horizontal and diagonal channels of communication in organizations.

The common mistakes that were noted were:

(a)   (i)   Wrong Communication networks such as bus topology were presented.
      (ii) Diagrams on the formal flow of information in an Organisation were presented instead of the communication networks
      (iii) In some cases the communication cycle was drawn illustrating the communication process which was not the case.
      (iv) Failure to attempt the question.

 (b)   (i)   Inappropriate examples were provided in some answers.

       (ii) mixed the contents of the given channels of communication in the question.

             Ie information meant for horizontal communication was under diagonal

            Communication

       (iii) Draw diagrams to illustrate the channels of communication which were also not correct.

       (iv) Repeated answers

QUESTION SEVEN

The general performance on the question was excellent. Of the 27 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 93% was recorded. The highest score was 19 while the lowest was 4 out of 20.

This question required candidates to;

 Attempt three questions from a brief scenario given in the question. Part (a) required candidates to state three (3) advantages of the open door policy in an organisation, while part (b) required them to state any five (5) barriers to effective communication in an organisation. In the last part (c) of the question, candidates were required to prepare a memo informing members of staff about the open door policy. The common mistakes   noted were:

(a) (i) Wrong contents on open lines of communication. (open door policy)

    (ii) Repeated answers.

(b) (i) Most barriers were mixed/ confused with factors that affect the choice of medium

   (ii) Wrong content was presented

(c) (i) Information from the recipient of the Memo was too general.(not specific in some cases)

   (ii) wrong subject line

  (iii) Inadequate content in the main body

  (iv) some candidates wrote business letters instead of memos.

Overall performance of candidates

  i.   Highest mark obtained in this paper: 72%
  ii.   Lowest mark obtained in this paper: 27%
  iii. Overall pass rate in this paper: 50.3%

DA 5 COST ACCOUNTING

QUESTION ONE

The general performance on the question was good. Of the 68 that attempted the question, only 40 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This is a compulsory question with 10 multiple choice questions with four possible answers. The performance on this question was below average. It was noted that a number of candidates did not attempt some of the sub-questions.

QUESTION TWO

The general performance on the question was poor. 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 60% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required candidates to prepare profit statements using marginal and absorption costing techniques.
The question was very popular and was reasonably well attempted.

However, common errors included:

(i) Preparing statements for each of January, February and March instead of simply one quarter.

(ii) Including annual figures of 1,920,000 units and fixed overheads of K2,400,000. Only a quarter of these was required.

(iii) Not showing the contribution figure in the marginal costing statement.

(iv) Failing to calculate the under/over absorption figure in the absorption costing statement.

QUESTION THREE

The general performance on the question was poor. Of the 65 that attempted the question, only 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 29% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question was about variances analysis.

The question was the most popular optional question and reasonably well attempted. The common errors included the inability to use the unit costs in most variances.

QUESTION FOUR

The general performance on the question was poor. Of the 55 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 51% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (a) of this question required candidates to calculate the cost per unit of a batch of 500 stoves while part (b) required the explanation of cost accounting terms.

(i) This question was reasonably well attempted, especially part (b).

(ii) The commonest error was the inability to calculate correct overhead absorption rates thereby rendering the rest of answer wrong.

QUESTION FIVE

The general performance on the question was poor. Of the 39 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 10% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This was the least attempted optional question. The question was in four parts as follows:

The performance of most candidates was very poor because lack of appreciating the equivalent units hence wrong figures computed. A number of candidates could not determine the normal loss in the processes despite that being indicative in the information given in the question.

QUESTION SIX

The general performance on the question was good. Of the 48 that attempted the question, only 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This question examined the accounting for materials which included the calculation of reorder levels, re-order quantities and minimum levels. It required also the explanation of the implication of stock outs, the types of holding costs and the purposes of inventory count.

The question was very popular and a good attempt was made by most candidates.

Poorer candidates committed the following mistakes:

(i) Failing to calculate the re-order quantity. Hardly any candidate got this correctly. Text books do not give the formula for the re-order quantity. There was need to re organize the maximum level formula to get the re-order quantity formula.

(ii) Failing to appreciate what is meant by "implication of stock-out" thereby stating wrong answers.

(iii)Stating only one purpose of inventory count.

Overall performance of candidates

  i.   Highest mark obtained in this paper: 70%
 ii.   Lowest mark obtained in this paper: 12%
iii.   Overall pass rate in this paper: 43.3%

DA6 BUSINESS LAW

QUESTION ONE

The general performance on the question was good. Of the 53 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 72% was recorded. The highest score was 16 while the lowest was 4 out of 20.

The question was made up of compulsory multiple choice questions and covered the whole syllabus. The question was attempted by everyone. The average mark was 12/20. The questions where fine and within the syllabus coverage.

QUESTION TWO

The general performance on the question was excellent. Of the 51 that attempted the question, only 46 managed to obtain at least 10 out of the available 20 marks. A pass rate of 90% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This question had three parts: A, B and C. The first part was on offer and counter offer. The second part was on revocation of an offer and the last part was on supremacy of the constitution. However some students had challenges with part (B). Candidates mistook revocation of an offer for a breach of contract. Revocation of an offer relates to withdraw of the offer whereas breach of the contract is a failure to perform the contract as per terms and conditions of the contract. It is imperative that in future, candidates do thorough reading on the two differences as it appeared to have been a challenge with a number of students. All the information relating to that is in fact contained in the ZICA study guide which students simply need to study.

QUESTION THREE

The general performance on the question was poor. Of the 41 that attempted the question, only 33 managed to obtain at least 10 out of the available 20 marks. A pass rate of 80% was recorded. The highest score was 20 while the lowest was 5 out of 20.

(a) This question demanded students to distinguish between public and private law. Though students were able to answer the question relatively well, there seems to have been a slightly issue as, the level of understanding on the subject was not very elaborate. The examples for instance given of what public or private law was, was not very clear. It is imperative that for the future, focus should be made on knowing what the examples of the two different types of law that is public and private. Otherwise generally the performance was fine on the question. All the information that would be needed to effectively answer the question is in the ZICA study guide.

(b) The question required students to explain the Jurisdiction of the Court of Appeal.

However the few that did not get the answer correct had challenges even

knowing what the Court of Appeal is which is a clear indication that someone

may not actually have read on the subject. Students should be encouraged to acquaint themselves with every topic in the ZICA study guide as it is the source of all the questions in the exam.

(c) Candidates were able to deal with specialty contracts and simple contracts. They managed to pick out legal issues in the scenario given with ease and where able to articulate the salient issues in the scenario easily. It is easy for students to address questions of a scenario nature if they acquaint themselves with cases contained in the ZICA study guide together with other materials to supplement the same.

(d) The question required candidates to differentiate a contract of sale from an agreement to sell. Candidates were able to give the basic distinction between the two. Some however had a challenge explaining what an agreement to sell is and had wrong explanations of what the same is.

(e) The question was based on employment law and required students to state the indications of a contract of service. A good number of students had good knowledge of this kind of contact and were able to explain it. The students were equally able to explain what the basic elements of what makes up a contract of service are.

QUESTION FOUR

The general performance on the question was good. Of the 43 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58% was recorded. The highest score was 15 while the lowest was 0 out of 20.

(a) This question focused on a contract of sale and what the implied terms in a contract of sale actually are. The requirement was for students to demonstrate understanding of what a contract of sale is. Most students managed to list the implied terms in the contract of sale while others struggled to explain what the implied terms are. The most notable mistake made by a number that did not explain correctly what the implied terms are in a contract of sale, was that they were discussing the requirements of a contract generally. The inability of the students to properly explain what the implied terms of a contract are, cost some students valuable marks. For the future, it is imperative that students fully understand the question before attempting to answer. Sometimes, it is not because a student does not know the answers to the question but perhaps because they have not understood the question.

(b) Candidates were able to deal with four types of torts. They managed to explain the four types but the majority could not name any four while others were able

to name some of the four. The questions on law of torts should be bonus questions for any student but one needs to have read to know what the different types of torts there are.

(c) The question required students to outline ways by which a custom can be valid at law. Most candidates managed to give correct answers while some did not. Some students even struggled to explain what customary law is and later on what makes it valid. Students should read the ZICA study guide as it explains what would make customary law not to be valid.

(d) This question was based on law of contract. Students were expected to define what invitation to treat is and give examples the same. Above fifty percent of students were able to explain what an invitation to treat is and some even gave illustrations of the same though hypothetically. Some referred to decided cases in explain the same. Student should know that questions as that are basic law of contract questions and ay person who has properly read their ZICA study guide, would not have difficulties addressing such a question. Otherwise the general performance on the question was fine.

QUESTION FIVE

The general performance on the question was good. Of the 45 that attempted the question, only 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58% was recorded. The highest score was 17 while the lowest was 3 out of 20.

(a) This question demanded students to describe the elements of a partnership. Most candidates were able to deal with this question. They were also able to discuss the elements with ease. However, few students showed ignorance on the topic. Mainly perhaps due to the fact that they may not have read on the topic in the ZICA study guide since this information is there and any person who would have read the study guide would not have any difficulty addressing the question.

(b) The question required students to explain the Divisions of the High Court. Very few students answered this question correctly with only about half those who attempted getting the question correct. The ZICA study guide has a unit dedicated to the court system in Zambia and any student who would have read the study guide properly before exams, would not have challenges answering the question.

(c) The question was about persuasive precedents and what would make the court disregard a precedent. Students were able to address the question correctly and

explained what properly what the demands of the question were. For the future, questions of this nature would be answered effectively where students pay attention to the unit on sources of law where precedents are properly explained.

QUESTION SIX

The general performance on the question was excellent. Of the 32 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 88% was recorded. The highest score was 16 while the lowest was 2 out of 20.

(a) This part of the question demanded candidates to define a contract of service. Most candidates got this part of the question correctly while a few exhibited ignorance on the issue. The unit on employment law in the module clearly explains what a contract of service is and how it is distinguished from a contract for services. Any student therefore who would have read on the same should really not have difficulties addressing a questions like this.

(b) This question demanded students to demonstrate their understanding of agency by ratification. A good number of students addressed the question well. They were able to identify and explain the effects of agency by ratification. For the future, students who did not perform well in this question, should read generally on the subject in the study guide as all issues raised in the question are actually drawn from the same.

(c) This part of the question demanded students to exhibit their understanding of the powers of an agent in an agency relationship. For a student to answer such a question, one needed to properly acquaint with the subject matter.

Overall performance of candidates

  i.   Highest mark obtained in this paper: 73%
  ii.   Lowest mark obtained in this paper: 30%
  iii. Overall pass rate in this paper: 55.8%

DA7 PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was poor. Of the 30 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 93% was recorded. The highest score was 18 while the lowest was 6 out of 20.

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

QUESTION TWO

The general performance on the question was good. Of the 29 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 72% was recorded. The highest score was 20 while the lowest was 3 out of 20.

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

Part (a) required candidates to outline the five functions of management.
This was well answered by most candidates.
Part (b) required candidates to outline and explain the management levels and functions.
This was poorly answered by most candidates although it was the easiest part.
Part (c) asked candidates to briefly explain the scaler chain and spirit de corps in the principles of management.
The majority of the candidates did very well on this question.

QUESTION THREE

The general performance on the question was good. Of the 14 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 79% was recorded. The highest score was 20 while the lowest was 6 out of 20.

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

This question was on Max Weber's bureaucracy.
Part (a) required candidates to state the other name of the model and give four characteristics of the model of bureaucracy.
Part (b) asked candidates to explain the five reasons why Weber's theory/model has been criticized.
This question was attempted by almost half of all the candidates who also scored good marks. But many candidates also failed on this question.

QUESTION FOUR

The general performance on the question was very good. Of the 30 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 83% 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 describe the influence of the following stakeholders on the organization: lenders, government, shareholders and the community.

Most candidates did well on this part.
Part (b) required candidates to use the objectives of purchasing to explain how companies may recover in business from the effects of COVID-19 pandemic worldwide.
Overall, this question was answered well.

QUESTION FIVE

The general performance on the question was poor. Of the 26 that attempted The question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38% 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) asked candidates to explain the responsibilities of a purchasing manager in a manufacturing company and how they can improve company performance.
Part (b) asked candidates to describe the characteristics that distinguish a hotel from a copper mine. Most candidates failed to answer this part correctly.

QUESTION SIX

The general performance on the question was poor. Of the 21 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52% was recorded. The highest score was 16 while the lowest was 2 out of 20.

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

Part (a) asked candidates to state the functions of a Finance Manager.

Part (b) asked candidates to describe the four advantages of a functional structure.

Part (c) asked the candidates to explain the three bases upon which corporate objectives depend if they are to be achieved.

This was a very popular question. But only half of the candidates answered this question well and scored high.

Overall performance of candidates

    i.   Highest mark obtained in this paper: 87%

    ii.   Lowest mark obtained in this paper: 36%

   iii.   Overall pass rate in this paper: 58.2%

DA 8 FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was good. 46 of the 76 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 25.

The general performance on the question:

What the question required candidates to do:
This was a compulsory question that required candidates to prepare the consolidated statement of financial position for the Kala Ltd group as at 31 March 2020.

The most common mistakes made by the candidates:
The following were common issues:
(i) The fair value of plant that was lower than carrying amount was treated as though it was higher and added instead of being subtracted from net assets when computing goodwill.
(ii) The revaluation of properties was wrongly accounted for as year-end revaluation on acquisition date
(iii) Candidates failed to correctly calculate payables/receivables for cancellation due to cash and goods in transit.
(iv) Parent's share of associate post acquisition retained earnings was generally wrongly calculated by the candidates.

QUESTION TWO

The general performance on this question was fair. 31 of the 76 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 41% was recorded. The lowest mark recorded was 0 while the highest was 25.

What the question required candidates to do:

The question had three (3) parts. Part (a) was on preparation of the statement of profit or loss and other comprehensive income and Part (b) required candidates to prepare the statement of changes in equity (3 marks). Finally, Part (c) required candidates to prepare the statement of financial position.

The question had accompanying notes on various IFRSs that needed to be adjusted for. Generally, most candidates performed well in this question.
The most common mistakes made by the candidates on each part of the question:

Common Mistakes included the following:

In part (a) it seemed most candidates did not read the instruction relating to where to take depreciation (cost of sales). They took the figures to wrong headings (Distribution costs or Administrative expenses).

Some candidates treated bank overdraft (credit balance) as a current asset as opposed to a current liability.

Further most candidates, treated taxable temporary differences as a deferred tax liability. For future examinations you are reminded that, deferred tax is a tax on temporary difference (i.e. temporary difference must be multiplied by the income tax rate). Few candidates failed to recognise that production cost was supposed to be part of the cost of sales rather than administrative expenses.

QUESTION THREE

The general performance on this question was poor. 13 of the 60 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 22% was recorded. The lowest mark recorded was 2 while the highest was 20.

What the question required candidates to do:

The question was on the interpretation of financial statements.

Part (a) required candidates to compute financial ratios.
Part (b) required candidates to prepare a report that analyses the comparative financial performance and position of two target acquisition companies based on the ratios computed in part (a).

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

Most candidates were able to compute the ratios requested in part (a). However, a material number of candidates lost easy marks through failure to compute these ratios.

Most candidates failed to prepare a well-structured and flared report in part (b). Candidates must note the financial analysis report must not merely restate the computed ratios but highlight the implications of the computed ratios on opinions about financial performance and position.

QUESTION FOUR

The general performance on this question was very poor. 4 of the 44 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 9% was recorded. The lowest mark recorded was 0 while the highest was 16.

What the question required candidates to do:

This question had four parts (a), (b) and (c). Part (a) required candidates to explain the first two steps in the five (5) step recognition model for revenue. This was generally very well attempted by the few candidates that attempted this question.

Part (b) had two scenarios that required explanation of accounting treatment. First scenario involved two performance obligations of which one was at a point in time and another was over time, candidates failed to correctly account for performance obligations over time.

The second scenario did not prove to be a challenge as it was generally correctly accounted for by most candidates.

Part (c) required candidates to explain the nature of costs that qualify to be included in the measurement of inventories. This was well attempted by most candidates.

QUESTION FIVE

The general performance on this question was poor. 5 of the 24 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 20% was recorded. The lowest mark recorded was 0 while the highest was 17.

This question had three (3) parts. Part (a) required candidates to describe four (4) different measurement bases that are available to entities that follow provisions of the IASB conceptual Framework for financial reporting.

Part (b) required candidates to calculate the value of the building using all the bases which were identified in (a).

Part (c) required candidates to outline five (5) disadvantages of using historical cost accounting.

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

Overall, the question was less popular and was poorly performed. It appeared that many candidates had little or no knowledge of the measurement basis chapter of the

conceptual framework. The Financial Reporting examination requires a deep understanding and knowledge of the Conceptual Framework.

Future candidates are advised to study all areas of the syllabus as the exam is not going to discriminate syllabus areas. Candidates are advised to have an understanding of each area of the syllabu**s** to increase their chances of passing**.**

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

Overall performance of candidates

   i.   Highest mark obtained in this paper: 73%
  ii.   Lowest mark obtained in this paper: 6%
 iii.   Overall pass rate in this paper: 37.1%

DA9 MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was poor. 52 of the 148 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 35% was recorded. The lowest mark recorded was 0 while the highest was 20.

This question was on budgeting and budgetary control. Generally, the performance of candidates was below average.

In part (a), candidates were required to prepare a cash budget on a monthly basis. The following are the observations:

(i) The majority of candidates treated a grant from the local enterprise board as a cash outflow rather than as a cash inflow. A grant is a source of income for a business, therefore, should be treated as a cash receipt.

(ii) On payment of wages, a good number of candidates did not pay attention on the number of staff employed by Mutinta. From the question, two staff were to be employed with a wage payment of K1,320 each translating to K2,640 per month.

(iii) About 95% of candidates failed to calculate the correct administration costs. The majority of the candidates forgot to remove depreciation (non-cash cost) from the total operating cost of K4,005. The depreciation amount was go be calculated by the candidates from the information provided in the question.

(iv) For cash sales and credit sales, candidates had an understanding of what was to be done though some had problems adjusting the increase in selling price by 10%.

Part (b) required candidates to explain the zero based budgeting system and outline two advantages. This question was well answered by the candidates.

Part (c) required candidates to explain the stages involved in the implementation of ZBB. The majority of candidates failed to explain the stages involved in implementing ZBB. The majority of candidates could not differentiate requirements in part (c) and (b).

QUESTION TWO

The general performance on this question was very poor. 2 of the 140 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 1% was recorded. The lowest mark recorded was 0 while the highest was 16.

This question required candidates to prepare profit statements using marginal and absorption costing techniques.

The question was compulsory though some candidates avoided it hence reducing their chances of passing.

The performance was very poor with common errors noted as follows:
    i. Preparing statements for each of January, February and March instead of simply one quarter.
    ii. Including annual figures of 1,920,000 units and fixed overheads of K2,400,000. Only a quarter of these was required.
    iii. Not showing the contribution figure in the marginal costing statement.
    iv. Failing to calculate the under/over absorption figure in the absorption costing statement

QUESTION THREE

The general performance on this question was very poor. 3 of the 75 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 4% was recorded. The lowest mark recorded was 0 while the highest was 20.

This was an optional question and was in six parts. Part (a) required candidates to calculate the breakeven units of diapers and the sales value based on the 2020 accounts. Most of the candidates were unable to identify the total fixed costs and failed to compute the contribution per unit.

In part (b), candidates were required to calculate the margin of safety. Most of them failed to pick the right budgeted sales hence wrong margin of safety.

Part (c) required candidates to calculate the number of diapers that should be sold in order for the company to achieve a target of K800,000. The common mistake note was that of using a wrong formula.

Part (d) required candidates to comment on the first proposal to be submitted to the managing director and calculate the number of units Tonka Twenda Limited need to sell in order to generate a target profit of K800,000. A good number of candidates failed this part because their comment was based on part (c) of the question and also could not adjust the selling price as proposed.

Part (e) required candidates to comment on the second proposal. Most of the candidates' comments had no basis. Candidates were expected to comment from computations. This resulted into poor performance.

Candidates were also required to state any five (5) factors which should be considered to decide whether or not to investigate a variance. A number of

candidates were not answering the question but were instead explaining the causes of variances.

QUESTION FOUR

The general performance on this question was very poor. 15 of the 89 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 17% was recorded. The lowest mark recorded was 0 while the highest was 20.

This question was one of the optional questions in this paper as such it was one of the least attempted questions. The question was in three parts as follows:
In Part (a) Candidates were asked to discuss the advantages and disadvantages of backflush accounting
This question was generic. Most of the candidates lacked knowledge in this costing system.
Part (b) required candidates to explain the product life cycle costs and giving examples. The question was mostly misunderstood by majority of candidates. The candidates were instead explaining the different levels in the life cycle.

In part (c) of the question, candidates were required to describe five (5) steps of dealing with bottleneck activities according to Goldratt. The majority were explaining the procedure of accounting for throughput.

QUESTION FIVE

The general performance on this question was fair. 58 of the 123 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 47% was recorded. The lowest mark recorded was 0 while the highest was 25.

This question was a mixture of working capital management and introduction to management accounting. Part (a) (i) required candidates to calculate the length of the cash operating cycle. Most of the candidates did well in this part with a few only providing an answer for a single year.

Part (a) (ii) required candidates to state five (5) strategies that could be undertaken to shorten the cash operating cycle. This part was well attempted though a number of the candidates repeated the points.

Part (b) required candidates to explain the three (3) ways managing a cash surplus and three (3) ways of dealing with a cash deficit indicated in the cash budget. A good number of candidates could not differentiate between cash surplus and deficit hence missing out on marks.

Part (c) required the candidates to explain three (3) differences between financial and management accounting. The performance of candidates in this part of the question was very good though most candidates gave more than the required number of differences.

Overall performance of candidates

    i.   Highest mark obtained in this paper: 62%
   ii.   Lowest mark obtained in this paper: 4%
 iii.   Overall pass rate in this paper: 32.7%

DA10 TAXATION

QUESTION ONE

The general performance on this question was poor. 11 of the 30 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 37% was recorded. The lowest mark recorded was 3 while the highest was 22.

This question covered aspects of VAT and taxation of unincorporated businesses.

Pat (a) required candidates to explain any six tests that can be used by the ZRA to distinguish between an employee and a self-employed person for taxation purposes and was fairly well answered by virtually all the candidates who attempted the question.

Part (b) required candidates to establish when the company will be required to register for VAT by applying the annual VAT registration threshold. Most candidate's answers were limited to stating the annual VAT registration requirements without applying these requirements to the specific information about sales provided in the question to determine when exactly the business should have registered for VAT.

Part (c) required candidates to compute the income tax payable by each partner for the tax year 2021. The question was fairly well answered with the exception of a few candidates who failed to deal with the income received by the partners from their personal investments.

QUESTION TWO

The general performance on this question was fair. 13 of the 30 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 43% was recorded. The lowest mark recorded was 2 while the highest was 20.

Part (a) required candidates to calculate the maximum capital allowances claimable by the company and was generally well answered with the exception of a few candidates who faced the following changes in answering the question:

(i) Using the wrong rates to compute wear and tear allowances claimable
(ii) Restricting capital allowances on the Toyota Prado and Nissan Murano to the business use of each director when this are claimable in full for companies
(iii) Claiming the initial and investment allowances on the factory building, when these are only available on new industrial buildings in the year they are brought into use.

Part (b) required candidates to compute the tax adjusted profits of the company and was generally well answered with the exception of a few candidates who failed to identify the relevant items to be disallowed when computing the taxable profits.

Part (c) required candidates to calculate the final amount of income tax payable by the company. The most common mistake made by candidates who scored poor marks on this part of the question included:

(i) Including investment income on which WHT is final in the company income tax computation
(ii) Using the wrong tax rate to computing the company income tax arising, Specifically failing to deduct the discount of 2% for listing shares on the LuSE and the further discount of 5% for offering at least one third of the shares to indigenous Zambians

QUESTION THREE

The general performance on this question was good. 16 of the 26 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 62% was recorded. The lowest mark recorded was 4 while the highest was 24.

The performance of candidates on this question which covered taxation of farming operations was above average.

Part (a) required candidates to explain how any four fundamental principles of the code of ethics apply to professional accountants providing taxation services and was generally answered well by the candidates who attempted the question.

Part (b) (i) asked candidates to calculate the amount of capital allowances claimable by the tax payer for the tax year 2021. The most common mistakes made by candidates in answering this part of the question included:

(i) Failing to restrict the expenditure qualifying for wear and tear allowances on the farm dwelling to K20,000.
(ii) Using the wrong rates to compute capital allowances on the other expenditure qualifying for capital allowances.

In part (b) (ii) candidates were required to calculate the amount of income tax payable by the trader for the tax year 2021. This part of the question was also reasonably well answered with the exception of a few candidates who faced the following challenges:

(i) Failing to identify the relevant disallowable expenditure which should have been added to the net profit before tax.
(ii) Grossing up investment before deducting it when computing the taxable profit.
(iii)Including investment income on which WHT is final in the company income tax computation
(iv)Using the graduated tax bands to tax the farming profits instead of using the applicable rate of 10%, after deducting the tax fee amount.

QUESTION FOUR

The general performance on this question was poor. 4 of the 22 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 18% was recorded. The lowest mark recorded was 3 while the highest was 16.

The performance of candidates on this the question which examined customs and excise duty and VAT was poor.

In part (a) (i) candidates were required to calculate the total import taxes paid by an individual on the importation of a motor vehicle.
The majority of candidates performed very well on this part of the question. Those who did not perform well had the following challenges:

(i) Using the tax table of used motor vehicles to determine the import taxes arising instead of using the table for new motor vehicles given that the vehicle purchased by the tax payer was a new car.
(ii) Including incidental costs from Nakonde border post to Lusaka when computing the VDP when Only costs up to the border should have been included.

Part (a) (ii) which required candidates to explain the conditions to be met for the customs officer to use the transaction value method to value imported goods for duty purposes was poorly. Most candidates demonstrated a lack of knowledge of these conditions and therefore failed to provide the required explanations.

In part (b) (i), candidates were required to calculate the Value Added Tax (VAT) payable for the month of December 2021. Most of the candidates performed poorly on this part of the question. The most common weaknesses demonstrated by candidates on this part of the question included:

(i) Not knowing that calculating recoverable VAT on items which are VAT inclusive, requires the use a fraction of 4/29 (or 16/116)
(ii) excluding the sale of the motor car and sale of furniture when computing output VAT.
(iii) Claiming input VAT on entertaining expenses and motor cars when this irrecoverable.
(iv) Not claiming input VAT on utility bills

Part (b) (ii), required candidates to explain any four (4) conditions which must be met for input VAT on expenditure to be recoverable. Most candidates displayed a lack of knowledge of the relevant conditions and therefore failed to provide the required solutions.

QUESTION FIVE

The general performance on this question was very good. 8 of the 11 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 73% was recorded. The lowest mark recorded was 2 while the highest was 22.

This question which covered turnover and presumptive taxes for transporters was generally answered well.

Part (a) asked candidates to state any six (6) persons who are not required to pay turnover tax. Only a few candidates failed to provide the required answers.

In part (b) (i) candidates were required to briefly explain why the Government of the Republic of Zambia introduced Presumptive taxes. Most of the candidates performed well on this part of the question. However, few candidates explained benefits of presumptive tax which were required in part (ii) of question (b).
Part (ii), which required candidates to explain any five (5) benefits of presumptive taxes for transporters over the regular assessed system was equally well answered.

In part (c), candidates were required to calculate the total amount of presumptive taxes paid by an individual for the tax year 2021. The most common weaknesses demonstrated by candidates who scored poor marks on this part of the question included:
   (i) Failure to use presumptive tax tables.
   (ii) Not knowing which figures to use for the calculation of presumptive tax.

Overall performance of candidates

   i.   Highest mark obtained in this paper: 79%
   ii.   Lowest mark obtained in this paper: 16%
   iii.   Overall pass rate in this paper: 47.5%

DA11 PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was fair. 45 of the 106 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 42% was recorded. The lowest mark recorded was 0 while the highest was 20.

(a) The question asked candidates to explain four advantages of non-statutory audits. This was a text book question and answers could have been obtained from the text book for those who read/studied the manual. Correct answers should have concentrated on the partnership as the scenario stated. However, most answers were too general such as that a non- statutory audit is less costly .Others were stating that it is suitable because the company is not a listed company. This earned them no marks at all.

(b) The part of the question had asked candidates to distinguish materiality to the financial statements a whole and performance materiality. It was evidence that most of the candidates were not able to explain the difference between the two concepts on materiality .it also shows that most candidates do no read the text book in order to grasp the concepts as the case should be .Most of them just ended at explaining the definition of the term materially which was not even asked for.

(c) Most of the candidates were able to identify and explain the threats and safeguards regarding the audit of Zinc Ltd and collected most of the marks.

(d) (i) The question asked candidates to explain the importance of audit documentation. There are   specific issues relating to importance of audit documentation such as for future references. However, most candidates confused this with importance of planning and ended up loosing easy marks.
(ii) The document that could have been easy to keep as a document could have been a set of current financial statements and those documents should be kept for at least five years before they are deleted.

QUESTION TWO

The general performance on this question was very poor. 9 of the 106 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 8% was recorded. The lowest mark recorded was 0 while the highest was 17.

(a) The responsibilities if auditors regarding laws and regulations are very clear for those who have studied the subject of auditing. Management is responsible for ensuring that the company follows the laws and regulations. It is not the duty of auditors to ensure that the company complies with the laws and regulations as most candidates explained. Auditors responsibility is to consider whether the client is compliant or not and then make judgment on compliance levels.

(b) The matters to be documented during an audit should be easy for those who read and studied the course especially the audit manual for DA11.Some candidates were writing on contents of an engagement letter. Other wrong answers included documenting contracts and type of financial statements that are kept in a current or permanent audit file. There are no short cuts to passing an audit examination except getting down to serious study of content in the audit text book.

(c) This part of the question was well answered by most students as they were able to distinguish internal and external auditors.

(d) (i) Most candidates were able to identify and explain weaknesses in relation to cash receipts in profit making organizations.
(ii) A good number of those who identified weaknesses correctly also provided correct measures to reduce the weaknesses. However others were not able to match a correct weakness with a correct measure and ended up loosing marks unnecessarily.

QUESTION THREE

The general performance on this question was very poor. 3 of the 86 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 3% was recorded. The lowest mark recorded was 0 while the highest was 15.

(a) Part (a) of this question required candidates to explain four techniques of recording a client's internal control system and to explain two advantages of each technique. The expected answers are flow charts, checklists, questioners and narrative notes. However most of the wrong answers indicated the methods used for identifying the client and its environment such as inspections and observations, enquiries and analytical procedures. A few answers explained the correct techniques but failed to comprehensively deal with the explanation of last part of question involving advantages.
(b) The question required candidates to explain three audit procedures that can be performed using assertions as existence, completeness and rights and obligations. Most of the candidates were able to come up with correct procedures for the assertions as mentioned in the questions. However, some of the candidates just defined each assertion which was not the requirements of the question.
(c) The question asked to explain the meaning of directional testing and giving an example. Directional testing comes from the use of double entry system. But a number of candidates failed to take advantage of the double entry concept and generalized the answer thereby losing marks. They also failed to relate directional testing to the financial abatements of Durable Parts Ltd.
(d) The question referred to four qualitative factors that influence reliability of audit evidence. Instead of focusing on factors such as originality of audit evidence,

whether it is internal or external and third party audit evidence, most of the wrong answers just explained the methods of obtaining audit evidence. This was not asked for. It simply entails that candidates do not use focal points or words in the questions on which to underpin their points. It should be noted that you can only get marks for answering to the requirements and not just giving a general view.

QUESTION FOUR

The general performance on this question was very poor. 0 of the 61 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 0% was recorded. The lowest mark recorded was 0 while the highest was 12.

(a) Candidates were asked to explain the differences between auditors and management experts in relation to accounting experts. Most of the candidates got the answers correctly.
(b) The methods of collecting samples were given in a question involving Random, Block and Systematic selection. Very few that attempted this question got it right.it could be that some candidates are selective of topics of study. It is important that all topics are studied in full in order to guarantee a pass.
(c) The inventory methods of counting inventory were mentioned in the question paragraph .A good number had to take advantage of that and got some marks simply by explaining the definitions but full marks could not be obtained as explanation lacked in-depth explanation that differentiates each of the methods.
(d) The question asked candidates to identify and explain five excerptions for a disputed receivable balance. Once again candidates failed simply because they did not look the materials from the text book. Correct answers include payments made by customers but not yet received by the company and errors at times.

QUESTION FIVE

The general performance on this question was very poor. 2 of the 62 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 3% was recorded. The lowest mark recorded was 13 while the highest was 16.

(a) (i)   Candidates were asked to provide a difference between adjusting and non-adjusting events, giving examples. Adjusting events seemed to have caused a challenge to some students despite this being an easy topic from the knowledge acquired from Financial accounting. However some candidates did differentiate the two but failed to provide example. This shows that candidates are ignoring some parts of the questions and ended up not collecting marks allocated in the question.

(ii)   Audit procedures for cash counts are obtainable from the topic of audit procedures from audit of specific areas from the text book. The procedures that should have been used involves substantive audit

procedures or procedures for verify existence of cash that was counted. Most of the answers were general in nature and did not manage to score the required marks.

(iii) The question asked candidates on the responsibility of working papers as stated in notes 2 to 3 in the question and what auditors can do if management refuses to make amendments for events after the balance sheet. Most of the candidates explained the responsibility in relation to working papers as if it was management's responsibility regarding financial statements. The question was specific but candidates did not answer the question correctly and ended up losing vital marks.

(b) The question asked candidates to explain audit risks in relation to Lusaka Dropping Center. Instead of using that as the basis of answering questions, most candidates generally explained the components of internal controls such as risk assessments and control environment .This was not a general question but made reference to a non-profit making organization. Failure to relate the components of internal control to the information in the question greatly contributed to the loss of valuable marks.

Overall performance of candidates

i. Highest mark obtained in this paper: 58%
ii. Lowest mark obtained in this paper: 16%
iii. Overall pass rate in this paper: 39.1%

DA12 GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was good. 28 of the 47 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 60% was recorded. The lowest mark recorded was 4 while the highest was 22.

(a) Question one was attempted under Section A by all students. The question focused on the distinction between stockholder theory and stakeholder theory. Most candidates   who answered this question performed quite well though others struggled to draw the distinction. This   is   an   indication   that   the candidates   are   somehow not quite   familiar   with the subject. Students are therefore encouraged to thoroughly examine this topic in the ZICA study guide. There was a pass rate of about 80% on this question.

(b) The question required students to explain the extent of liability for limited and unlimited companies. A good number of students were able to address this question fairly well with about 90% managing to get over 50% on the question. The performance on this question may only be attributed to the fact that students may have studied across the board in ZICA study guide which is indeed a good thing as it puts students at an advantage as they would be able to address any question as long as they are drawn the study guide.

(c) The question was bordering on borrowing capacity of a company. Most students answered the question correctly, an indication that they were familiar with the contents most likely arising from the fact that they may have been reading broadly in the study guide. To effectively answer most of the questions set in these exams, one ought to have a habit of reading through the study guide thoroughly since it is from there that exam questions are actually drawn.

QUESTION TWO

The general performance on this question was good. 28 of the 46 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 25.

The question was made up of three parts (a), (b) and (c). Part (a) was on the Principles Based Approach, part (b) on the Role of a Chairman in a company and part (c) was on powers of the court in share capital reduction. In parts (a) and (b), the performance was fine with about 60% pass rate. However part (c) of the

question seems to have presented some challenges resulting in about 50% of the candidates not knowing much about share capital reduction. They left it blank and those who attempted to write mostly wrote nothing. For the future students need to read and understand this subject quite well.

QUESTION THREE

The general performance on this question was excellent. 41 of the 45 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 91% was recorded. The lowest mark recorded was 9 while the highest was 24.

The question required students to explain who the directors of a company are, the company secretary and what the powers of a liquidator are were answered by the few students who answered it. The general performance on the question was fine.

QUESTION FOUR

The general performance on this question was very good. 17 of the 23 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 74% was recorded. The lowest mark recorded was 0 while the highest was 25.

The question had two parts, duties of the Audit Committee and distinction between share capital reduction and cancellation and paying off paid up share capital. Students seems to have prepared themselves for this question as there was a good performance on the part of the students.

QUESTION FIVE

The general performance on this question was good. 17 of the 26 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 65% was recorded. The lowest mark recorded was 4 while the highest was 18.

(a) This question required students to demonstrate understanding of corporate capital maintenance and reduction of the same. Though optional, it was heavily attempted by students and the performance was impressive. About 80% got this question correct. The ones who missed it did not simply understand the question properly hence the need that before a student can embark on answering questions, they are thoroughly understand the questions being attempted.

(b) This question was based on winding up and compulsory winding up. Students needed to demonstrate full understanding of the topic. Most candidates got this part correct at about 80%. The good performance on the question might be

because students could have focused their attention on the topic in the study guide from which the exams are themselves prepared.

(c) This question was based on appointment of directors. Candidates were required to exhibit knowledge of the appointment procedure. Though most students got this question correct, there were few that showed signs of struggle. Students in their results which like many others, boarder on a failing to correctly answering the question. Students can only be encouraged to focus attention on the units with this information in the study guide and thoroughly study. About 80% go this part right. Overall, the performance was good. Roughly 80% pass rate from this question.

Overall performance of candidates

i.   Highest mark obtained in this paper: 90%
ii. Lowest mark obtained in this paper: 27%
iii. Overall pass rate in this paper: 59.5%