



**SEPTEMBER 2022 EXAMINATION SESSION**

**CHIEF EXAMINERS' REPORTS**

**DIPLOMA IN ACCOUNTANCY PROGRAMM**

## **SUBJECT: DA1 FINANCIAL ACCOUNTING**

### **QUESTION ONE**

The general performance on the question was very poor. Of the 78 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 12.8% was recorded. The highest score was 12 while the lowest was 0 out of 20.

This was a compulsory question with ten sub-questions.

### **QUESTION TWO**

The general performance on the question was good. Of the 72 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52.8% was recorded. The highest score was 17 while the lowest was 0 out of 20.

Part (a) (i) required candidates to make necessary entries in the cash book (Bank Account only) to update it. Candidates failed to reconcile the opening balances and included cheque number 34 for K2,400 among unpresented cheques under part (ii) in the reconciliation statement.

Part (a) (ii) required candidates to draw up a Bank reconciliation statement. Many candidates gave correct answers.

Part (b) (i) required candidates to prepare the Income and Expenditure account. Candidates had challenges in calculating Income from Bar trading activities. This part required a separate working as shown under working one in the solution. Depreciation on Club house was wrongly calculated. Many candidates only calculated depreciation on the old club house without taking into account the extension to club house.

Part (b) (ii) required candidates to prepare the statement of Financial Position as at 31 December 2021. The only challenge identified was the treatment of subscription paid in advance. Many candidates treated it as a current asset item when it should be treated as a current liability item.

### **QUESTION THREE**

The general performance on the question was very poor. Of the 29 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 13.8% was recorded. The highest score was 15 while the lowest was 0 out of 20.

The few candidates who attempted the question had challenges on the following areas:

- i. The profit to take to the statement. IAS 7 on Cash flow statements states that the profit to be taken is profit before tax. In this question, it is K338,000.
- ii. Increase in revaluation reserve of K40,000 was not taken into account in trying to get the cost of PPE disposed of.

- iii. The share of accumulated Depreciation on PPE disposed of was not calculated correctly.
- iv. Candidates had challenges in establishing the Opening Cash and Cash Equivalent, i.e.  $100 - 60 - 25 = K15$  overdraft.

Candidates are encouraged to practice on past papers to master the statement of Cash flows.

#### **QUESTION FOUR**

The general performance on the question was good. Of the 72 that attempted the question, only 43 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59.7% was recorded. The highest score was 17 while the lowest was 0 out of 20.

Part (a) had three parts on club accounts and all the parts were well answered.

Part (b) asked candidates on importance of segregation of duties in a small public sector organization. A question of this nature, candidates are encouraged to define the segregation of duties, how it is achieved and what must be put in place in order to achieve segregation of duties in a small public sector organization.

#### **QUESTION FIVE**

The general performance on the question was poor. Of the 52 that attempted the question, only 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 26.9% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to draw up ledger account for Plant at cost. Many candidates failed to follow the instruction which required that the accounts should be shown for each year.

Part (b) required candidates to draw up a ledger account for Allowance for Depreciation. Candidates lost marks by ignoring the instruction "for each month of ownership for plants bought during the year."

Part (c) required candidates to draw up a ledger account on Plant disposal. No difficulty was identified in this Part.

#### **QUESTION SIX**

The general performance on the question was very poor. Of the 59 that attempted the question, only 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 8.5% was recorded. The highest score was 13 while the lowest was 0 out of 20.

Part (a) (i) required candidates to make Journal entries to correct the given errors. Candidates' poor answers showed that the basic double entry book keeping knowledge is lacking. Candidates attempting this subject ought to understand double entry book keeping system. Candidates are encouraged to learn double entry system and correction of Errors.

Part (a) (ii) required candidates to draw up a suspense account to establish the initial difference in books figure. Those candidates who attempted this part answered it as if they were completing double entry from the Journal drawn in Part (a) (i). Double entry knowledge is lacking among the candidates.

Part b (i) required candidates to open an extract of a sales account. Candidates used gross figures with VAT yet the question required the use of VAT fraction of  $\frac{25}{29}$  on given figures to establish net figures for sales e.g.

Part b (ii) required candidates to open an extract of a Purchases account. Again candidates use gross figures with VAT.

Part b (iii) required candidates to open an extract of a VAT Control Account. Figures could have been established as follows:

### **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: 12.8%

## **SUBJECT: DA 2: QUANTITATIVE ANALYSIS**

### **QUESTION ONE**

The general performance on the question was good. Of the 71 that attempted the question, only 40 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.3% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The multiple choice questions were short answer phrases and calculations on a wide range of topics from the syllabus. The topics covered included numerical data calculation such as the mean, calculation involving concept of compound interest, random values and probability distribution. The performance was average as most candidates failed on parts that required calculation. It is therefore suggested that candidates should familiarize themselves with short statistical calculation in order to improve on performance in this section of the examination

### **QUESTION TWO**

The general performance on the question was poor. Of the 68 that attempted the question, only 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.3% was recorded. The highest score was 18 while the lowest was 0 out of 20.

It had two parts. In part (a), candidates were required to use the method of annuities to find the amount deposited per year for a period of 15 years for a specified payment to be met. Most candidates used the method of compound interest to calculate the present value, which was a wrong method hence lost marks. Some candidates were observed to have the correct calculation.

Part (b) required candidates to use the grouped data to calculate the mean, standard deviation, quartile deviation and modal. It was observed that candidates did not have any challenges in calculating the mean and standard deviation. However challenges such as lack of knowledge of the required concept and misuse of the formula for quartile deviation calculation applicable for ungrouped data was mixed up with the calculation involving grouped data. It was also observed that candidates were stating the modal class instead of finding the actual modal value hence lost marks on the last part of the question

### **QUESTION THREE**

The general performance on the question was very poor. Of the 25 that attempted the question, only 1 managed to obtain at least 10 out of the available 20 marks. A pass rate of 4% was recorded. The highest score was 10 while the lowest was 0 out of 20.

The question was based on one concept which involved random variables and probability distribution. Questions were focused on assessing candidate's ability to find the expected value and the variance. These values are then are required to be used to solve various parts. It was observed that most candidates were able to find the expected value but failed to use this value to solve the other questions that required its use, hence the performance was bad on this question.

#### **QUESTION FOUR**

The general performance on the question was good. Of the 68 that attempted the question, only 43 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.2% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) of the question required the candidates to use the concept of time series moving averages to calculate trend values. Majority of the candidates were able to find the moving averages but it was noticed that they made many computation errors in calculating the trend values. Other candidates lost marks on this part of the question because they did not know what to do.

Part (b) required candidates to use the concept of random values and probabilities to calculate the expected value and the standard deviation. Candidates were seen to have good knowledge on this part of this question hence scored good marks. Those who failed were using mostly wrong formula to find the standard deviation, or in some cases were just making computation errors.

#### **QUESTION FIVE**

The general performance on the question was excellent. Of the 48 that attempted the question, only 47 managed to obtain at least 10 out of the available 20 marks. A pass rate of 97.9% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The first part of the question required candidates to use a payoff table to decide whether to expand the company product line or not. Various methods were suggested to be used such as the Maximax criterion, Maximini criterion, Minimax regret criterion, Laplace and Hurwicz. It was noticed that most candidates who attempted this question, just explained on each part how each of the above listed methods can be used to make a decision.

The second part, part B, required the candidates to use the method of least square regression to find the regression line and interpret the results. Most candidates managed to solve this problem successfully.

#### **QUESTION SIX**

The general performance on the question was good. Of the 69 that attempted the question, only 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) of the question required the candidates to use the given data to construct a bar chart and a pie chart. Majority of candidates were able to draw the required charts. The candidates who failed were observed to be drawing a histogram rather than a bar chart, as they could not leave spaces between the bars. The pie chart was in few cases seen to be drawn without considering the size of angles and hence was not well scaled.

In part (b), candidates were required to use ungrouped data to find the mean, standard deviation, median and coefficient of variation. It was observed that candidates were able to

solve the first three parts but failed to solve the coefficient of variation due to lack of knowledge of the formula to use.

**Overall performance of candidates**

- i. Highest mark obtained in this paper: 78%
- ii. Lowest mark obtained in this paper: 17%
- iii. Overall pass rate in this paper: 54.9%

## **SUBJECT: DA3 BUSINESS ECONOMICS**

### **QUESTION ONE**

The general performance on the question was very good. Of the 63 that attempted the question, only 46 managed to obtain at least 10 out of the available 20 marks. A pass rate of 73% was recorded. The highest score was 20 while the lowest was 4 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 56.5% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The question was divided into three (3) parts namely (a), (b) and (c). Part (a) required candidates to complete the table by finding values for Fixed costs (FC), Marginal cost (MC), Total Revenue (TR), Marginal Revenue (MR) and profit or loss for each output. Performance was fair. One common mistake was some candidates failing to present their answers in tabular format as instructed. Further, a few candidates failed to find the Fixed Cost (FC) value. FC is that cost incurred when output is equal to 0. Thus, at 0 output ,  $FC + TC = K200$

In part (b), the candidates were required to state the market structure in which the given firm was operating in. Majority scored the full mark for this part of the question. It simply required understanding of the characteristics of market structures. Here the selling price was fixed, hence Perfect Competition.

Part (c) required candidates to find the number of units the firm can produce to maximize profits and the value of the maximum profit achievable. This again was fairly scored. From the constructed table, the quantity where  $MR = MC$  can easily be picked and from the last column the profit figure. One common mistake was some candidates failing to present their answers in tabular format as instructed.

### **QUESTION THREE**

The general performance on the question was very poor. Of the 34 that attempted the question, only 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 14.7% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was divided into three (3) parts namely (a), (b) and (c). Part (a) required candidates to outline any four (4) characteristics of monopolistic competition. Performance was fair though some candidates presented characteristics of MONOPOLY!

Part (b) required them to explain with the aid of a diagram, the output and pricing positions of a firm operating under monopolistic competition in (i) short run, and (ii) long run. Performance was very poor. The common problems included (i) poor diagrams, (ii) correct diagrams but wrong explanations, (ii) interchanging or swapping the graphs and explanations. Candidates are strongly advised that the marks allocated for a question like this one are shared between the diagram and the explanation.

The third part (part c) required candidates to explain Shutdown rule, and Profit maximization rule as types of decisions which are made by firms. Performance was very poor. This is evidence of question spotting. Many of the answers given were too general and far away from Economics! Candidates are strongly advised to study the entire syllabus.

#### **QUESTION FOUR**

The general performance on the question was very poor. Of the 47 that attempted the question, only 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 19.1% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question was divided into three (3) parts namely (a),(b) and (c). Part (a) required candidates to show using graphs what happens to equilibrium price and quantity traded for chocolate if the price of cocoa falls. Performance was very poor. Firstly, there were very poor graphs presented and poor explanations. Many candidates failed to appreciate the fact that cocoa is the input used in chocolate production. Hence a fall in the price of cocoa will shift the supply curve of chocolate to the right. Some candidates drew only supply curves. However, equilibrium requires both the demand curve and the supply curve.

Consumer becoming more health conscious implies less consumption of chocolate. This would shift the demand curve for chocolate to the left.

Part (b) required candidates to find the equilibrium price and quantity for chocolate using the demand and supply functions given as well as estimate the new equilibrium price and quantity following the imposition of K3 sales tax per unit. Performance was fair though some candidates failed solve the equations  $30 - P = 2P$  to find P and then Q. Candidates were simply required to use new supply function  $Q_s = 2(P - t)$  with  $t = 3$  and equating it to the demand function  $30 - P$

Part (c) required candidates to outline any three (3) factors that may influence the price elasticity of demand for chocolate. Overall performance was poor. Common mistake observed was that many candidates presented either factors affecting demand or supply as opposed to price elasticity of demand.

#### **QUESTION FIVE**

The general performance on the question was excellent. Of the 58 that attempted the question, only 46 managed to obtain at least 10 out of the available 20 marks. A pass rate of 79.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was divided into four (4) parts namely (a) to (d). Part (a) required candidates to explain any three (3) reasons why countries measure national income while part (b) required them to explain what is meant by double counting in national income accounting and how it can be avoided. Some explained what double counting is all about but failed to give economic answers on how it can be avoided. The answers rests on including only final goods and using value added method in GNP computation.

Part (c) required candidates to distinguish between demand pull and cost push inflation while part (d) required them to outline any three (3) economic objectives that a country like Zambia may pursue. Performance was fair. However, some candidates presented no-economic objectives! Economics has a language of its own and candidates can learn it by studying the entire syllabus.

#### **QUESTION SIX**

The general performance on the question was fair. Of the 49 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.8% was recorded. The highest score was 15 while the lowest was 0 out of 20.

The question was divided into four (4) parts. Part required candidates to define the Macroeconomic objective of full employment. There was fair performance though many candidates failed to explain clearly what full employment is all about.

Part (b) required candidates to outline any four (4) functions of commercial banks. Performance was fair. However, some candidates mistook commercial banks for the Central Bank. Candidates are urged to read and understand each question before answering it.

In part (c), candidates were required to explain any two (2) limitations banks may face in creating credit. This was largely misunderstood by majority of the candidates.

Part (d) required candidates to distinguish between the money market and the capital market. Performance was poor. Majority of the candidates couldn't distinguish between the two because they did not know them. Money market is a market for raising short term funds while the capital market is the market for raising long term funds.

### **QUESTION SEVEN**

The general performance on the question was very poor. Of the 17 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 11.8% was recorded. The highest score was 12 while the lowest was 0 out of 20.

The question was divided into four (4) parts namely (a) to (d). The first part of (a) required candidates to calculate the opportunity costs in each country for each good. Performance was poor. Majority of the candidates failed to do that. Remember opportunity cost is the number of units of one good that must be sacrificed in order to obtain more units of another good. For example, the opportunity cost of lorries is the ratio; Wheat/lorries and vice versa for wheat.

In the second part of (A), candidates were required to determine the comparative advantage for each country. Those who couldn't calculate the correct answers to (i) above failed this part of the question as well. Remember, a country has a comparative advantage in the good it can produce a lower opportunity cost than its trading partner.

Part (b) required candidates to compare common market and economic union as forms of trade agreements. Performance was very poor. This was proof of no studying the entire syllabus.

In part (c), candidates were required to explain how fiscal policy and monetary policy could be used to create jobs. Performance was fair although some candidate mixed the fiscal policy tools with monetary policy tools. Other candidates, seemed not to know what fiscal policy and monetary policy are all about!

Part (d) required candidates to compare regressive tax and progressive tax. Performance was fair. However, many struggled outlining regressive tax.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 89%
- ii. Lowest mark obtained in this paper: 7%
- iii. Overall pass rate in this paper: 50.8%

**SUBJECT: DA4 – INFORMATION TECHNOLOGY AND COMMUNICATION**

## **QUESTION ONE**

The general performance on the question was good. Of the 65 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.5% was recorded. The highest score was 18 while the lowest was 2 out of 20.

## **QUESTION TWO**

The general performance on the question was fair. Of the 11 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.4% was recorded. The highest score was 16 while the lowest was 3 out of 20.

The question was about system security issues, benefits of cloud storage and security controls in place and if they are configured properly

The common mistakes were as follows:

- i. Some candidates could not explain the CIA triage acronym correctly.
- ii. Most candidates explain the benefits of cloud storage well
- iii. Some candidates were not explaining the physical and environmental security and logical access control well because they were switching the security controls

## **QUESTION THREE**

The general performance on the question was good. Of the 59 that attempted the question, only 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 57.6% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was about the features of the operating system and five advantages of client/server computing. The following were the common mistakes noted in this question:

- i. Most candidates were failing to give the correct explanation of web integration and multimedia, which was linked to social media
- ii. Some candidates did not understand it and started referring to clients as customers.

## **QUESTION FOUR**

The general performance on the question was good. Of the 60 that attempted the question, only 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 18 while the lowest was 2 out of 20.

The question was about identifying and explain the use of five main types of accounting systems, explaining the use of the five main types of accounting systems and three advantages of using a spreadsheet as an accountant. The following were the common mistakes noted in this question:

- i. Some candidates were repeating the explanation of payroll accounting system with pastel system giving different explanation.
- ii. Most candidates answered the use of internet in business well
- iii. Most candidates did not relate the question to the scenario, hence they did not answer the question correctly.

## **QUESTION FIVE**

The general performance on the question was excellent. Of the 57 that attempted the question, only 49 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was about writing detailed curriculum vitae for the job that was advertised. The following were the common mistakes noted in this question:

- i. Important details were left out such as personal information, educational background, referees and contact details.
- ii. Correct main headings had incomplete information in most cases.
- iii. Job application letters were written as replying to a job advertisement of which the question did not require candidates to do so.
- iv. Illogical presentation of the main headings of curriculum vitae.
- v. The heading referees in most cases were indicated as references as though it was meant for reading material references.
- vi. The contents on the curriculum vitae were full of unnecessary narrations.
- vii. Repetition of the main headings of curriculum vitae.
- viii. On the main heading for referees some candidates indicated content that relates to recommendations for a reputable company.

## **QUESTION SIX**

The general performance on the question was very good. Of the 24 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.7% was recorded. The highest score was 18 while the lowest was 2 out of 20.

The question was about drawing a multiple bar chart using the information given and interpreting the information, explaining the three types of charts and graphs that can be used to present large amounts of statistical data and stating four advantages of using visual communication. The following were the common mistakes noted on the four parts of the question:

- (a) - No correct title on the multiple bar chart  
- Failure to label different categories of the products meant to be part of the multiple bar charts  
- Some charts were very untidy and too small.  
- Some candidates drew wrong charts such as pie charts or simple bar charts. Instead of Multiple bar charts.
- (b) - wrong interpretation of the multiple bar chart.
- (c) - Failure to explain the types of charts. Some candidates included wrong answers such as table charts and pictograms.
- (d) - Mainly wrong content was presented, ie disadvantages of visual communication were presented instead of advantages.  
- Incomplete answers in most cases.  
- Advantages of visual communication were mixed up with those of oral communication.

## **QUESTION SEVEN**

The general performance on the question was excellent. Of the 50 that attempted the question, only 46 managed to obtain at least 10 out of the available 20 marks. A pass rate of 92% was recorded. The highest score was 19 while the lowest was 6 out of 20.

The question was about writing a memorandum to the staff informing them about the new software package and its benefits and stating six purposes of a memo in an organisation. The following were the common mistakes noted in this question:

- (a) - Repeated answers in the main body of the memo about benefits of the new Software package.
- Wrong format or layout, some candidates wrote letters and reports instead of memos
- In some cases the memo elements were misplaced.
- (b) Wrong content was presented in most cases.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 87%
- ii. Lowest mark obtained in this paper: 26%
- iii. Overall pass rate in this paper: 72.3%

**SUBJECT: DA 5 COST ACCOUNTING**

## **QUESTION ONE**

The general performance on the question was fair. Of the 85 that attempted the question, only 32 managed to obtain at least 10 out of the available 20 marks. A pass rate of 37.6% was recorded. The highest score was 16 while the lowest was 2 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. All the candidates attempted the question with a pass rate of 39% scoring above average. *The highest score was 80% and lowest was 10%.*

## **QUESTION TWO**

The general performance on the question was fair. Of the 80 that attempted the question, only 31 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

It was the most popular question. It examined the computation of cost variances and preparation of the cost operating statement. The pass rate was 40% and the highest mark scored being 100%. However, the most common mistakes errors committed were as follows: Part (a), the standard cost was erroneously calculated as the budgeted level activity against the standard rate. The correct way of computing the standard cost is by getting the product of actual level of activity and the standard rate.

In Part (b), the failure to determine the budgeted cost hence the wrong reconciliation.

## **QUESTION THREE**

The general performance on the question was very good. Of the 73 that attempted the question, only 48 managed to obtain at least 10 out of the available 20 marks. A pass rate of 65.8% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question had three parts in which it required candidates (a) to prepare profit statements using marginal and absorption costing techniques, (b) explanation on the difference in profits and (c) reconciliation of the profits calculated in part (a). The pass rate was 66% with highest score being 90%.

However, common errors included:

Part (a),

- i. Failure to follow instructions for instance only preparing statements for only one year or just one costing system.
- ii. Using the full cost per unit in marginal costing.
- iii. Failure to compute the over or under absorption of the overheads.
- iv. Not showing the contribution figure in the marginal costing statement.

On part (b) noted that candidates failed to point out the fact that fixed costs, where there is a change in the inventory levels would cause the difference while part (c) was characterized by calculating for only a single year.

#### **QUESTION FOUR**

The general performance on the question was very poor. Of the 63 that attempted the question, only 8 managed to obtain at least 10 out of the available 20 marks. A pass rate of 12.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was based on process costing and it was attempted by a good number of candidates. The pass rate was 14 % with the highest score of 100% .

Part (a) and (b) were well answered although many failed to calculate the correct abnormal units and its value. The scrap value was challenge to many candidates yet it was straight forward. Scrap value is the product of the scrap units and the disposal per unit.

Parts (c), (d) and (e) were poorly answered as most candidates were failing even to calculate Normal loss, Abnormal Loss/gain, and finished good account was completely omitted by the candidates.

#### **QUESTION FIVE**

The general performance on the question was very poor. Of the 39 that attempted the question, only 1 managed to obtain at least 10 out of the available 20 marks. A pass rate of 2.6% was recorded. The highest score was 12 while the lowest was 0 out of 20.

This question examined contract costing. The question required the calculation of the attributable profit and the contract work –in-progress for the year. In addition the preparation of the contract and contractee accounts were required.

The question was relatively popular but was poorly attempted. It seems like tuition providers and candidates are not covering this topic.

In calculating the attributable profit, the common errors in the calculation included:

- i. Adding materials transferred to other contracts, returned materials, materials on site and plant valuation at the end of the month to the contract costs. These costs should have been subtracted from the total contract costs, i.e. credited to the contract account.
- ii. Hardly any candidate computed the work –in –progress correctly. Many subtracted the progress payments (cash received) from the contract price and deemed the difference as WIP. WIP should have been calculated as follows:  
Contract costs as in part (a) + the attributable /estimated profit taken less progress payments (received and receivable).
- iii. The contract account was poorly constructed. The same double entry errors as in (i) above were committed. But the contractee account (client ledger account) was generally well prepared.

## **QUESTION SIX**

The general performance on the question was very good. Of the 71 that attempted the question, only 52 managed to obtain at least 10 out of the available 20 marks. A pass rate of 73.2% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The majority of candidates attempted this question. The pass rate was 75% and the highest score was 100%.

With part (a) candidates were able to prepare an overhead cost statement showing the allocation and apportionment of overheads to the four cost centres. Further, candidates did show the basis of apportionment as required by the question.

However, the majority of candidates had problems with the re-apportionment of service cost centres back to the production cost centres. Only a few attempted this portion and was poorly done.

Part (b) required candidates to calculate the overhead absorption rates for department 1 and department 2. This question was poorly done by candidates as the majority used wrong activity level (6,320 machine hours for dept 1 and 7,850 labour hours for dept 2) as guided by the question. Candidates were only helped by the follow through principle in this area.

Part (c) required candidates to calculate the under or over-absorption of overheads in dept 1 and dept 2. The majority of candidates had problems calculating the absorbed overheads. Candidates need to put more effort in this area if they are to perform better.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 82%
- ii. Lowest mark obtained in this paper: 12%
- iii. Overall pass rate in this paper: 29.4%

## **SUBJECT: DA 6 BUSINESS LAW**

### **QUESTION ONE**

The general performance on the question was very good. Of the 47 that attempted the question, only 33 managed to obtain at least 10 out of the available 20 marks. A pass rate of 70.2% was recorded. The highest score was 20 while the lowest was 6 out of 20.

The question had multiple choice questions and covered the whole syllabus. The overall performance in this question was fine. On average the score was above 65%, an indication that the candidates understood the questions.

### **QUESTION TWO**

The general performance on the question was fair. Of the 44 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 47.7% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This question demanded candidates to exhibit knowledge on the following; negligent misrepresentation, supervening illegality in contract law, Redundancy and the employer's duty to pay remuneration to employees. Candidates were expected to demonstrate understanding on the same topics. Most candidates managed to deal with this question in detail. However, some candidates did not understand what the question wanted from them especially on redundancy. Candidates mixed this with retrenchment and they missed the point and that cost them valuable marks. For the future, candidates are encouraged to read questions and understand them before attempting to answer as, most of them explained the issue of retrenchment correctly only that the question was not asking about that. With a proper understanding of what the question was about, candidates could have gotten the question correctly.

### **QUESTION THREE**

The general performance on the question was excellent. Of the 24 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 83.3% was recorded. The highest score was 17 while the lowest was 4 out of 20.

This question had two parts, both parts were on capacity to contract. The first one required the candidates to explain the consequences of entering into a contract with a minor; Candidates answered the question fairly well. The second part arose from a scenario and required candidates to identify which of the two contracts in the scenario between a minor and an adult would be valid and why. From the performance, it appears that most candidates do not know that a contract for necessities when entered into with a minor is actually valid.

### **QUESTION FOUR**

The general performance on the question was poor. Of the 34 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 29.4% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was made up of parts (a), (b) and (c) and covered the Sale of Goods Act. About 70% of the candidates unfortunately failed this question mainly arising from a misunderstanding on what the question actually needed for them to write about. Most candidates mistook contract of sale and an agreement to sale to mean ascertained and unascertained goods. In future, learners must be able to understand what the question is about before they can attempt to answer.

### **QUESTION FIVE**

The general performance on the question was excellent. Of the 38 that attempted the question, only 33 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86.8% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question had four components (a)(b)(c) and (d). Part (a) required candidates to distinguish agency by holding out from agency by consent. 80% of the candidates attempted this question and the performance reveals candidates' detailed understanding of the question. Of the candidates who attempted this question, a few failed to get it right due to mixing up of concepts and types of agency as provided for by the Law. For the future candidates are encouraged to study the topics fully and properly understand issues well as this topic is always examined on.

In part (b), candidates were expected to explain the defense of *volenti non fit injuria* as it subsist at law. Candidates were expected also to discuss contributory negligence in detail. Performance by candidates revealed great understanding of the same. About 80% of the candidates got this question correct an indication that they understood the topic and prepared adequately.

Part (c) required candidates to exhibit their knowledge on implied authority in agency law and partner by holding out. The performance under this part was good. It shows that candidates understood the demands of the question. Going forward, candidates are encouraged to thoroughly study the topic in full and as it is a potential ground for examination.

Part (d) was testing candidates understanding of executed consideration and executory consideration. The performance of the candidates revealed that some candidates are not fully informed of the differences between the two. The issues arising in the question are some of the basic issues in the law of contract and hence need to be properly understood as they are fertile ground for examination. Candidates preparing to take exams in this paper must therefore be encouraged to study the topic fully. Overall, the question was clear enough and attempts by candidates were fair.

### **QUESTION SIX**

The general performance on the question was excellent. Of the 38 that attempted the question, only 33 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86.8% was recorded. The highest score was 16 while the lowest was 3 out of 20.

This was a three-part question on prerequisites of a valid contract. The first part required the candidates to identify 3 main ingredients requisite for the formation of a valid contract. This part of the question was fairly answered. The second part required candidates to discuss 3 types of consideration. The majority of candidates who attempted this question do not know the types of consideration. For the future, candidates should endeavour to know what the 3

types of consideration in the law of contract actually are. The third part required them to discuss the principle in *Carlill V Carbolic Smoke Ball*; most candidates did not understand this question yet it is one of the foundational cases establishing an important concept as regards offer, acceptance and consideration in the law of contract. For the future, candidates must understand this point well as, they can be rest assured questions in exams would almost always come under this topic.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 77%
- ii. Lowest mark obtained in this paper: 29%
- iii. Overall pass rate in this paper: 66.0%

## **SUBJECT DA7 – PRINCIPLES OF MANAGEMENT**

### **QUESTION ONE**

The general performance on the question was good. Of the 33 that attempted the question, only 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 51.5% was recorded. The highest score was 14 while the lowest was 2 out of 20.

### **QUESTION TWO**

The general performance on the question was very poor. Of the 19 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 21.1% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was well set and those and those who attempted the question obtained very good marks except for few who seemed not to have prepared adequately for their examinations.

### **QUESTION THREE**

The general performance on the question was good. Of the 32 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.3% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Most candidates got the question wrongly and failed to relate the characteristics of strategic decisions in explaining the importance of macro-environment analysis. Roles of the manager in work planning were correctly explained by only a few candidates.

### **QUESTION FOUR**

The general performance on the question was poor. Of the 19 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 31.6% was recorded. The highest score was 16 while the lowest was 2 out of 20.

The following observations were made:

- i. Most candidates could not gain full allocated marks in the question because they failed to understand what it was requesting. Many of them were explaining the formation and the characteristics of partnership contrary to what the question demanded.
- ii. This part was requesting candidates to explain the difference between internal controls and external controls.
- iii. This part of the question was well answered by most candidates

### **QUESTION FIVE**

The general performance on the question was very good. Of the 32 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.9% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Part (a) of the question was on motivation and the candidates had little challenge. Most of those who attempted gained good marks.

Part (b) was not well answered, the terms confused the candidate. The answers provided by candidates were of general nature and not specific.

## **QUESTION SIX**

The general performance on the question was very good. Of the 29 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.9% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Those who attempted this question scored very good marks, except very few who seemed not to address the concepts that they were asked to explain. Those who understood the question and its requirements came up with very good answers and scored very impressive marks. Lack of well-planned and laid out answers was obviously missing in most in those who did not perform well. The candidates have a duty to themselves if they were to come up with intelligent and well-illustrated answers in their examination.

### **Overall performance of candidates**

- |      |                                      |       |
|------|--------------------------------------|-------|
| i.   | Highest mark obtained in this paper: | 74%   |
| ii.  | Lowest mark obtained in this paper:  | 13%   |
| iii. | Overall pass rate in this paper:     | 57.6% |

## QUESTION ONE

The general performance on this question was fair. 35 of the 95 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 36.8% was recorded. The lowest mark recorded was 1 while the highest was 21.

This was a compulsory question that required the candidates to prepare the Consolidated Statement of Financial Position for Orange as at 31 December 2021. Even though this is a predictable type of question for section A, most of the candidates demonstrated lack of basic knowledge on key consideration areas such as goodwill, retained earnings, unrealized profit, non-controlling interest and associate investment. Specifically, the following were observed:

- i. Most candidates showed lack of knowledge of the calculation of the number of shares to be used for the calculation of cash consideration, share transfer and the minority interest.
- ii. Some candidates were putting the number of shares calculated  $96,000/2$  giving 48,000 shares as the value of shares in the calculation of the net assets instead of multiplying the 48,000 shares by the market price of shares and cash price together with the associated shareholding of parent in Banana.
- iii. Calculation of the unrealized profit was also a common challenge among the candidates. The common mistakes were inability to use the correct percentage proportion as some candidates were using 50/100 rather than 50/150 and in many instances the 1/3 was completely omitted.
- iv. Most candidates showed lack of understanding on the calculation of the minority interest figure for the balance sheet.
- v. The treatment of the K17, 000 goods owed to Banana by Orange was also a challenge for some of the candidates. Most of them were not able to subtract the amount from the receivables and payables as this was an intra group transaction and should be eliminated at consolidation.

## QUESTION TWO

The general performance on this question was very poor. 12 of the 95 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 12.6% was recorded. The lowest mark recorded was 0 while the highest was 19.

This too was a compulsory published account question that required the candidates to prepare the Statement of Profit or Loss and Other Comprehensive Income for year ended 31 March 2022 and Statement of Financial Position as at 31 March 2022. Even though this is a predictable type of question for this examination, most of the candidates did not perform well due to:

- i. Failure to calculate depreciation charge correctly.
- ii. Failure to identify that revaluation was at the beginning of the financial period.
- iii. Failure to calculate revaluation surplus correctly.
- iv. Failure to calculate the number of useful life remaining at the date of revaluation.
- v. Other allocated revaluation to plant and equipment when it is property that was revalued.

- vi. The calculation of present value of the receivable (sale) and lease liability proved difficult for candidates.
- vii.

### **QUESTION THREE**

The general performance on this question was very poor. 9 of the 85 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.6% was recorded. The lowest mark recorded was 0 while the highest was 19.

This was an optional question that required the candidates to calculate ratios and interpret them. Further, part b of the question required candidates to distinguish between rule-based and principle based accounting standards as well as distinguish between functional currency and presentation currency. The following observations were made:

- i. Part a (i) of the question was about calculation of the 4 key ratios from the information provided. This part of the question was fairly answered by most candidates with an exception of a few that showed lack of understanding of the formulae as they kept on transposing the figures.
- ii. Part a (ii) required an explanation of possible reasons of the movements in each ratio calculated. Some candidates were able to explain the possible causes but most of the candidates were just explaining about the percentage movements in the ratios from year 1 to year 2 and compare with industry average without stating what could have caused that movement.
- iii. Part b (i) required candidates to explain the differences between rule based and principle based accounting standards. This part of the question was poorly answered by most candidates as they showed lack of understanding of the topic. Most of the candidates were just guessing and relate the answer to what a rule is and a principle without relating it to accounting standards.
- iv. Part b (ii) required candidates to distinguish between functional currency and presentation currency. Most candidates showed lack of knowledge of this part of the question. Some candidates were able to give examples of translation of assets that were purchased in foreign currency but should be reported in the Zambian Kwacha as the presentation currency.

### **QUESTION FOUR**

The general performance on this question was very poor. 18 of the 76 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 23.7% was recorded. The lowest mark recorded was 0 while the highest was 19.

This was an optional question that required the candidates to prepare a statement of cash flows for Kanshi for the year to 31 December 2021 in accordance with IAS 7 Statements of cash flows and comment why 'Management', 'Shareholders' and 'Potential Investors' may still need information about the ratios such ROCE, Debt/Equity EPS and DPS. The general performance on this question was below average. Even though this is a common diet type of question for this examination, most of the candidates did not perform well due to:

- i. Candidates made mistakes when calculating cash paid for PPE, tax, finance cost, dividends e.t.c especially those that used ledger accounts (T-accounts) as they did not know where to put the opening and closing balances and other entries. Candidates are strongly encouraged to use columnar format.
- ii. Candidates showed weaknesses when preparing the actual cash flow statement as they confused the items. They did not know which items were supposed to be under the following headings: operating activities, investing activities and financing activities.
- iii. Others did not know how to determine whether increase or decrease means inflow or outflow for inventory, receivables and payables.
- iv. Candidates had problems to clearly explain the importance of key ratios to key stakeholders such as management, shareholders, and investor. Some candidates wasted time in calculating the ratios which was not required and marks were not given for such.

## **QUESTION FIVE**

The general performance on this question was very poor. 2 of the 30 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 6.7% was recorded. The lowest mark recorded was 0 while the highest was 16.

This was an optional public sector financial reporting question that required the candidates to identify and briefly explain the economic decision likely to be made by parliamentarians, permanent secretaries, and cooperating partners. Further, candidates were required to evaluate the performance of the department of special education over the five (5) year period as compared to the targets of the SDGs charter structured under the following headings: (i)efficiency; (ii) economy; and (iii) effectiveness.

Admittedly, this is not a popular part of the diet of this examination, but it is part of the course syllabus and candidates are encouraged not to spot questions but to cover the whole syllabus. This was the least answered question by the candidates. All the candidates that attempted this question very few understood the question required on what economic decisions are likely to be made. Most of the candidates did not perform well due to:

- i. The common mistake made was that of book lifting from the scenario and explaining the percentage achieved with the targets that were set.
- ii. Candidates showed lack of understanding of the meaning of efficiency, Economy and Effectiveness and could not relate them with the question requirement. Candidates showed poor knowledge on public sector and evaluation of efficiency, economy and effectiveness of a public institution perhaps due to failure to know the meaning of efficiency, economy and effectiveness, since if one does not know the meaning of the 3Es, he or she cannot evaluate the scenario given. Additionally, failure to use the information to evaluate the performance using the 3Es (candidates must always use the information given by the examiner.
- iii. Failure to clearly answer the requirements and generally writing whatever they know about parliamentarians, permanent secretaries, cooperating partners. Candidates were required to use information provided and not general knowledge.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 56%
- ii. Lowest mark obtained in this paper: 10%
- iii. Overall pass rate in this paper: 15.8%

**SUBJECT: DA 9 – MANAGEMENT ACCOUNTING**

## QUESTION ONE

The general performance on this question was fair. 73 of the 156 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 46.8% was recorded. The lowest mark recorded was 0 while the highest was 24.

This question was examining candidates on working capital management. The question had four parts (a-d).

Part (a) was about calculating working capital ratios. Well prepared candidates' scored good marks. Common mistakes were on liquidity test ratio where candidates were adding Closing Inventory instead of subtracting it from Current Assets

Part (b) was about calculating the BEP for Lupinda Stores Limited. A good number of candidates were able to calculate contribution per kilo for each product but had challenges calculating weighted average contribution per kilo and breakeven point in kilos that resulted in many candidates failing to calculate the correct sales revenue.

Part (c and d) required candidates to explain advantages of using ratios in performance Evaluation and limitation of ratio analysis respectively. These parts were well attempted and good marks were obtained. Although some answers which were given were more of common sense than good understanding about the advantages of ratio analysis and its limitation. Candidates should be able to maximize easy marks available in each question for them to increase chances of passing.

## QUESTION TWO

The general performance on this question was very poor. 21 of the 161 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 13% was recorded. The lowest mark recorded was 0 while the highest was 22.

This question examined the preparation of operating statement under variance analysis and the likely causes of variances. The following were the mistakes noted:

Part (a)

- i. Failure to use the budgeted figures to determine the budgeted profit (Budgeted sales volume x budgeted profit per unit).
- ii. Some candidates had problems to compute the fixed overheads variances with majority confusing the budgeted fixed overheads for standard fixed overheads.
- iii. Despite the actual profit having sufficient data in the scenario, most of the candidates failed to state it.

Part (b), this was the easy part of the question which could make every candidate to score highly. However, they failed to take advantage of the free marks available.

The candidates were expected to 'explain' which meant going beyond defining the variances. It required them to categorically point out the most likely causes of the variances that they calculated.

## QUESTION THREE

The general performance on this question was very poor. 3 of the 44 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 6.8% was recorded. The lowest mark recorded was 0 while the highest was 16.

This question was about Cost Volume Profit analysis. The question had four (4) parts. This was the least attempted and poorly answered question. Those who tried to attempt the question made the following mistakes:

- i. In part (a), contributions was wrongly computed by not taking into the account the changes that were given and fixed costs were not flexed at 5%.
- ii. In part (b), candidates did not even know the formula for calculating the number of units and expected profit. The denominator used was wrong.
- iii. In part (c), candidates did not know how to use the scenario where price increased by 17.5% and how to arrive at the adjusted prize hence lost the marks.
- iv. Finally, in part (d), some candidates completely left it unanswered which may be contributed to lack of time management skills.

#### **QUESTION FOUR**

The general performance on this question was poor. 38 of the 132 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 28.8% was recorded. The lowest mark recorded was 1 while the highest was 19.

Generally, the question was attempted by almost all the candidates. The pass rate was 30% with the highest score of 76%.

With part (a) candidates had the following challenges:

- i. The majority used K260 as the purchase price instead of the K300 as a relevant price and could not give the appropriate reason why it is a relevant cost. Candidates were just saying K260 was a relevant cost without applying relevant cost principle of incremental cash flow.
- ii. The majority of candidates failed to state the reason why the cost of materials in inventory was irrelevant. The sunk cost aspect did not come out.
- iii. For additional materials, candidates managed to state that K22,000 was a relevant cost as it needed to be purchased, but still failed to bring out the future incremental cash flow aspect of relevant cost principles.
- iv. A good number of candidates failed to understand that skilled labour was not irrelevant for the decision because there was no additional cash expenditure to be incurred.
- v. Candidates were able to identify that semi-skilled labour was relevant for the decision though failed to give the reason of additional cash expenditure to be incurred.
- vi. Candidates were able to identify that the production manager's overtime was not relevant for the decision but failed to bring out the reason of it being a sunk cost and not an additional cash expenditure.
- vii. On hire of special machine, candidates identified it being relevant for the decision but failed to give the future incremental cash flow reason.
- viii. Candidates were able to identify that the original cost of plant and equipment was not relevant for the decision but failed to bring out the reason of it being a sunk cost.
- ix. Candidates were able to identify that depreciation was not relevant for the decision but failed to bring out the reason of not being a cash flow.

- x. Candidates were able to state that absorbed fixed overheads are not relevant for the decision but could not give an appropriate reason of it not being a cash flow. The majority of candidates' justification was based on the definition of a fixed cost.
- xi. As for variable overheads, the majority of candidates were able to identify it is a relevant cost though failed to give the future incremental cash flow reason.

Part (b) required candidates to state qualitative factors to consider before arriving at the final decision. This question was poorly answered and only a few candidates got a mark. They were instead giving the general reasons under make or buy decisions.

Part (c) required candidates differentiate qualitative and quantitative information in decision making. This question was equally poorly answered by the candidates. The majority of explanations by candidates lacked substance. Some wrong qualitative information is about the quality of the information and quantitative information is about the quantity of the information.

Part (d) required candidates to state the factors that must be considered in determining the price of the product. This question was answered correctly by the majority of the candidates without difficulties.

## **QUESTION FIVE**

The general performance on this question was very poor. 24 of the 143 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 16.8% was recorded. The lowest mark recorded was 0 while the highest was 23.

This question examined the preparation of functional budgets (production, direct material usage, purchases and direct labour budgets), target costing and the distinction between target costing and standard costing. The pass rate was 29% and the highest mark scored being 92%.

This question was very popular suggesting that candidates are covering the budgeting topic well. However, the distinction between target costing (TC) and standard costing (SC) posed problems to candidates.

In preparing functional budgets, candidates knew the principles or steps involved in preparing functional budgets. However, this question was unique because the inventories (both finished and raw materials) were given in monetary terms. There was, therefore, need to convert the costs to units by dividing the costs given in the question by the cost per unit or per kg. In this regard the preparation of a standard cost card was required to assist in conversion of costs and revenues.

The common error was using the monetary figures of inventories and adding them to the production units and sales units figures. This is not like with like.

For target costing some candidates defined it well but others used the English language literal meaning as costs a company should target or plan. Very few candidates brought out the differences between TC and SC probably because they did not know what the TC technique is. Future candidates are urged to consult the suggested solutions on this area.

## **Overall performance of candidates**

- i. Highest mark obtained in this paper: 67%
- ii. Lowest mark obtained in this paper: 11%
- iii. Overall pass rate in this paper: 20.4%

**SUBJECT: DA10 TAXATION**

**QUESTION ONE**

The general performance on this question was good. 20 of the 38 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 52.6% was recorded. The lowest mark recorded was 5 while the highest was 19.

The question examined taxation of companies. In part (a) candidates were required to calculate the maximum capital allowances claimable by the company for the tax year 2022. The performance of candidates was satisfactory except for a few candidates who exhibited the following weaknesses:

- i. Failure to compute balancing charges and allowances on the assets disposed of during the year.
- ii. Using the wrong rates to compute the capital allowances claimable.

In part (b) candidates were required to calculate the income tax payable by the company for the tax year 2022. The most common challenges faced by candidates in answering this part of the question included:

- i. Failure to identify items which are disallowable, to be added back when computing taxable profits.
- ii. Failure to compute the accommodation benefit to be added back in respect of the free residential accommodation provided to an employee.
- iii. Grossing up the investment income received by the company before deducting the amounts when computing the taxable profits.
- iv. failure to determine the correct amount to be disallowed in respect of the personal to holder car provided to an employee.

In part (c) candidates were required to calculate the income tax payable by the company for the tax year 2022. The following are the most common weaknesses demonstrated candidates who performed poorly on this part of the question:

- i. Including dividend income on which withholding tax is a final tax in the computation.
- ii. Using the wrong rates to compute the company income tax arising.
- iii. Forgetting to deduct the discount of 2% to arrive at the correct company income tax rate given that the company listed its shares on the LuSE during the year.

Part (d) which required candidates were required to state the due date when the income tax should have been paid was answered well with the exception of a few candidates who failed to state the correct due date.

## **QUESTION TWO**

The general performance on this question was good. 23 of the 38 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 60.5% was recorded. The lowest mark recorded was 0 while the highest was 25.

This question covered taxation of partnerships. 58% of the candidates who attempted the question passed and 42% failed.

In part (a) candidates were required to prepare a computation of the allocation of the taxable profit to each partner in the tax year 2022. The majority of the candidates performed well on this part of the question as most of them were able to apportion the partnership according to the relevant periods. However, some candidates faced the following challenges in answering the question:

- i. Failure to subdivide the year into three periods and appropriately apportioning the partnership profit to the three periods using the partnership arrangements relating to each period.
- ii. Some candidates deducted the full amounts of salaries for each period instead of apportioning them to the relevant periods.

In part (b) candidates were required to calculate each partner's income tax payable for the tax year 2022. The performance was satisfactory with the exception of a few candidates failed to apply the tax rates properly to compute the tax payable by each individual.

### **QUESTION THREE**

The general performance on this question was very poor. 7 of the 28 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 25% was recorded. The lowest mark recorded was 1 while the highest was 23.

The performance of candidates on this question which examined taxation of employment income was very poor. In part (a), candidates were required to explain the tax treatment of the different types of investment income received by the taxpayer during the year and to compute the amount of any tax arising in each case. Most candidates failed to provide the required answers as they demonstrated a general lack of knowledge of the taxation of investment income for individuals.

In part (b) candidates were required to compute the income tax payable by an individual tax payer for the tax year 2022. The most common weaknesses demonstrated by candidates in answering the question included:

- i. Failure to calculate the correct basic salary before and after the increment which should have been done by apportioning the annual salary for three (3) months before the increment and for six (6) months after the increment.
- ii. Failure to recognize that utilities such as water and electricity paid by the company on behalf of an employee are treated as income and should be taxed on the employee.
- iii. Not knowing which expenses paid by an employee is deductible from income before taxing. The only deductible expenditure was professional subscriptions, while National Health Insurance Scheme Contributions and NAPSA are not allowable.

### **QUESTION FOUR**

The general performance on this question was very good. 26 of the 35 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 74.3% was recorded. The lowest mark recorded was 2 while the highest was 23.

Candidates generally performed well on this question which examined Turnover Tax, ethical issues in tax practice and Customs and Excise Duty. Part (a) which asked candidates to explain any two (2) types of persons who are chargeable to Turnover Tax was generally answered well. Only a few candidates failed to provide the required explanations.

Part (b), which required candidates to explain any five (5) qualities of a good tax system was equally well answered.

In part (c), candidates were required to explain how the fundamental principles of professional behavior and professional competence and due care apply to the provision of taxation services. The performance on this part of the question was slightly below average as candidates demonstrated a general lack of knowledge of the fundamental principles and therefore failed to provide the relevant explanations.

In part (d) (i), and (ii) candidates were required to calculate the Customs Value for Duty Purposes of a brand-new Toyota Runx and a secondhand Toyota Fortuner together with the total import taxes paid on the importation of each vehicle.

The majority of candidates performed well on this part of the question with the exception of a few of them who faced the following challenges:

- i. including costs incurred after border in determining the customs value of each vehicle.
- ii. Failure to use the correct tax rates when determining the duties arising.

## **QUESTION FIVE**

The general performance on this question was good. 6 of the 11 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 54.5% was recorded. The lowest mark recorded was 4 while the highest was 16.

The question examined Value Added Tax. In part (a), candidates were required to explain the categories of properties on which Property Transfer Tax is chargeable. The performance was quite good on this part of the question and most candidates scored all the required marks because the question was straight forward.

In part (b), candidates were required to explain the Property Transfer Tax implications of each of the properties disposed of and to calculate the amount of PTT arising in each case.

The performance of this part of the question was also satisfactory. However, a few candidates made demonstrated the following weaknesses:

- i. failure to determine the correct realized value to use in calculating the PTT arising on each transfer, whilst other
- ii. Charging PTT on movable properties (chattels) which are exempt transfers.

In part (c), candidates were required to compute the Value Added tax payable by the company for the month of March 2022. The most of mistakes made by candidates who who did not perform well on this question included:

- i. Failure to compute the total sales having been given the amount of zero rated supplies, which represented 20% of total sales and standard rated sales which represented 75% of total sales. The problem was to derive standard rated sales on which 16% was to be applied.
- ii. claiming input tax on certain items such petrol, diesel and entertaining expenses on which input VAT is not claimable.
- iii. Failure to compute the correct amount of VAT on expenditure on which VAT was inclusive. The fraction of 4/29 should have been used to derive the amount of VAT charged.
- iv. Not indicating using a zero items on which VAT is not chargeable or claimable as required by the question.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 78%
- ii. Lowest mark obtained in this paper: 18%
- iii. Overall pass rate in this paper: 57.9%

## **QUESTION ONE**

The general performance on this question was good. 74 of the 115 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 64.3% was recorded. The lowest mark recorded was 0 while the highest was 20.

Part (a) of the question required candidates to explain the meaning of accountability and stewardship. Almost all that attempted this part of the question scored correct marks. However a few candidates repeated the same words in the question and ended up with unnecessarily long answers.

In part (b) Candidates were required to identify threats and suggest appropriate safeguards. There was a lot of information on threats and safeguards in the scenario. Lot of candidates scored full marks. However others got it wrong as they just explained the technical terms of the threats as explained in the text book without using material in the scenario and ended up getting less or no marks at all.

Part (c) required candidates to explain management and auditor's responsibility regarding fraud and errors. A good number of those who attempted this question got good marks except a few who explained responsibilities in general instead of focusing on errors and responsibilities. They were just explained in general and did not get full marks.

In part (d), some candidates explained that audit risks are dangers that auditors face when they are auditing a client's books of accounts. This was wrong as an audit risk is simply when an auditor gives an inappropriate audit opinion when financial statements are materially misstated due to different components of internal controls.

The second part of (d) required candidates to explain audit risks under three components namely inherent, control and detection risks. The scenario was full of such risks but most candidates failed to identify and categorize the risks under those suggested components. This made a good number to lose marks. It is important to stick to question requirements.

Part (e) required candidates to explain how external auditors assess risks of material misstatements. This question was not properly answered as most candidates explained the meaning of misstatements and other explained assertions or audit procedures for financial statements which was not required.

## **QUESTION TWO**

The general performance on this question was excellent. 93 of the 113 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 82.3% was recorded. The lowest mark recorded was 0 while the highest was 22.

This was a multiple requirement question divided into parts (a) to (d). Part (a) of the question related to the procedure for removal of external auditors as guided in Company Act and as explained in the ZICA manual for Principles of Auditing. Those who had read this part did not

find the question difficulties. However some candidates generalized the procedure for removal and did not score full marks.

Part (b) required candidates to explain the advantages of having an Audit Committee on the Board of Directors. A good number of candidates scored good marks. However wrong answers stated that audit committee is responsible for maintaining internal controls and safeguarding company assets.

In part (c), candidates were being tested on application of ISA 315, which guides on many matters including gaining an understanding of the client and its environment. The information and methods on the same are clearly explained in the ZICA manual for this paper. However, a number of wrong answers given mentioned substantive audit procedures and confirmations which were completely wrong. Others just stated the methods without giving an explanation and did not score sufficient marks at all.

Part (c) further required candidates to explain how external auditors can respond to assessed risks in Zambezi Ltd. The question had referred to Zambezi Ltd. This required candidates to explain how to gain an understanding of the client in the context of the scenario given. Only these who managed to correctly identify and explained the methods got enough marks.

Part (d)(i) required candidates to identify and explain the weaknesses in the purchasing system of Zambezi Ltd. The scenario contained sufficient information .A good number of candidates managed to identify weaknesses.

Part (d)(ii) was on the bad side. Some candidates identifying correct weaknesses, they failed to provide a correct match of safeguards. This made a comparison confusing. A tabular presentation could have solved the problem.

### **QUESTION THREE**

The general performance on this question was poor. 26 of the 91 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 28.6% was recorded. The lowest mark recorded was 0 while the highest was 19.

Part (a) of the question asked candidates to identify and explain three cases of non-compliance in the scenario. This keeps on repeating in the question. Only those who identified and explained what was in the scenario got sufficient marks. Others were able to identify but failed to explain how the company became non-compliant and obviously, lost valuable marks for explanations.

Part (b) required candidates to explain three ways in which segregation of duties can help management to strengthen internal controls. This was a general question and did not even require the use of scenario. A god number were able to get full marks expect a few who simply defined what segregation of duties were instead of explaining how that help management.

Part (c ) had three sub requirements. Almost all those who attempted the first part got it right.

In the follow up to the first part, candidates were required to give an example of two methods used in obtaining audit evidence. This proved to be challenging for most candidates. However only few who had tackled this topic in the text book got it right.

The third part required candidates to explain how extremal auditors can respond to risks relating accounting estimates. Those who explained how to respond in relation to accounting estimates managed to get some marks. However wrong answers included general responses such as emphasizing on professional skepticism and professional judgment and they ended up getting few marks and others did not get any marks at all. It is important that candidates provide answers that relate to the question requirements in order to get full marks.

Part (d) required candidates to differentiate between a positive and a negative confirmation. The information relating to this part can be found on the topic relating to the audit of receivables. Some candidates got correct answers. However there are some who explained that a positive confirmation is when a client agrees and a negative confirmation is when a client disagrees. While others thought that a negative is when a reasons was bad and a positive confirmation is when the response was good and ended up getting no marks.

The second part required candidates to explain two factors that support the use of negative confirmation. Correct answers include that strong internal controls should be present in the client's accounting system. Most of the candidates simply stated that the client should disagree for external auditors to use a negative confirmation and got is wrong.

The third part of (d) was well attempted as most candidates who were able to read the scenario got the answers correct as the answers were right in the scenario such as nil balances.

#### **QUESTION FOUR**

The general performance on this question was poor. 19 of the 66 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 28.8% was recorded. The lowest mark recorded was 0 while the highest was 23.

The question was divided into four parts (a to d). Part (a) of the question required candidates to explain five financial statements assertions that can be used in the audit of Property, Plant and Equipment. A good number of candidates got this part correct.

Part (b) examined the meaning of business risks as asked in this part was well answered by almost all candidates who attempted this question. However there are some candidates who associate risks with dangers when it is not the case.

The second part of (b) proved to be difficult for some candidates. They were able to identify business risks but audit risks proved to be problematic .This was despite the information being available in the scenario. The question actually stated that both risks can be found during the audit of HL Ltd. Wrong answers simply provided basic definitions of both risks which was not a requirement and earned candidates less marks.

Part (c) of the question required candidates to suggest two audit procedures for share equity as well as suggest audit procedures for issued share capital. Some of the incorrect answers included statements to do with stock markets while others mentioned the procedure such as recalculate without explaining the reasons for recalculating the share equity.

The third part of (c) required candidates to suggest two audit procedures for transfer of shares. Wrong answers indicated that shareholders had received the shares but they did not provide a procedure to verify if indeed a transfer of shares had been carried out.

The last part, equally asked candidates to suggest audit procedures for dividends paid. The candidates should have realized that cash book entries are made whenever cash is paid and the bank statements should be verified when payments are made. However wrong answers did not relate to where this information can be found in the books of accounts.

Part (d) was an event after the balance sheet. Candidates should realize that this involved subsequent event and there are appropriate ways of dealing with this event. Most of them were explaining this event using financial statement assertions which was not required.

## **QUESTION FIVE**

The general performance on this question was poor. 18 of the 60 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 30% was recorded. The lowest mark recorded was 0 while the highest was 17.

Part (a) examined candidates on the audit procedures for audit of third party inventory. Most candidates failed to apply specific procedures for third party audits and instead just provided general audit procedures such as observe the counting of inventory. This required the context of third party inventory audits.

Part (b) was a follow up on the procedures. Most candidates gave general answers such as could not earn candidates a lot of marks.

The second part of (b) required candidates to state situations in which the net realizable value is likely to be less than the cost. Instead of concentrating on the situations, most candidates went on to define what cost and net realizable values mean and lost valuable marks.

Part (c) was well answered by most of the students. However others explained an audit procedure such as confirmation from the bank but without explain why a confirmation was being carried out and earned them very few mark. An audit procedure should be followed by a reason why it is being carried out. For instance a confirmation will be accrued out in order to ascertain the existence and accuracy of the balance recorded in the cash book.

In part(d), candidates were required to explain the meaning of Other Matter paragraph .This is a matter other than that which is reported in the financial statements but auditors feel compelled to provide comments about it. However wrong answers were just able to state that this is a paragraph which is not in the financial statements while, other state that it is a paragraph which the auditor should include without an explanation for it.

The second part of (d) was on the Emphasis of matter paragraph. This was properly answered by candidates who had read the revised audit report or standards in relation to reporting. These two paragraphs have been explained and distinguished at length. Wrong answers simply stated that an auditor uses this report in order to emphasis a matter without further explanations. This did not earn most candidates full marks. It is also an indication that most candidates did not read the last chapter in the textbook of Principles of Auditing (DA 11).

The third part was on disclaimer. It was poorly answered. It seems most of the candidates have not grasped the terminology that goes with opinions. Only a few were able to explain the meaning of disclaimer of opinion.

Part ( e) required candidates to explain the meaning of expectation gap. The performance on this part was very good.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 75%.
- ii. Lowest mark obtained in this paper: 0%.
- iii. Overall pass rate in this paper: 60.0%

## **SUBJECT: DA12 GOVERNANCE AND CORPORATE LAW**

### **QUESTION ONE**

The general performance on this question was very good. 42 of the 57 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 73.7% was recorded. The lowest mark recorded was 3 while the highest was 23.

This was a compulsory question and it had two-part. The first part required the candidates to discuss various business entities. The question was fairly answered though some candidates struggled to properly articulate themselves on the subject an indication that they might not have fully prepared themselves or that they need to read more on the subject and understand the issues better. On the issue of director's fiduciary duties, the question was fairly answered though, for the future candidates should be taught how to answer situational questions. The second part required them to identify the circumstances that would render the office of the director vacant and candidates performed quite well on this as evidenced in the marks they received under that part of the question.

### **QUESTION TWO**

The general performance on this question was poor. 15 of the 57 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 26.3% was recorded. The lowest mark recorded was 2 while the highest was 15.

This question focused on ways in which a public company raises capital from the public and ensure that the capital is not diluted. This part focused on reduction of capital. Candidates were expected to focus on ways share capital is reduced by public companies. Most candidates who answered this question performed quite well though others struggled with understanding the subject matter. This is an indication that some candidates may not have properly understood or are not familiar with reduction of with matters related to reduction of share capital by public companies. For the future, candidates must take enough time to study the topic in full. Aforesaid notwithstanding, about 80% got this part right.

The second part of the question was more a continuation from the first though, it needed candidates to focus on purchase of own shares by public companies. Candidates did well in the question. Notwithstanding the performance of the candidates in this question, candidates are encouraged to take time to study all topics in full, this topic can only be dealt with by candidates who thoroughly go through topics and mastering the principles under each topic.

The third part of the question concerned advantages of preference shares over ordinary shares. The question required candidates to simply differentiate the two. Most candidates got this question correct while a few struggled. For the future, candidates must take time to study all topics in full, this topic like any other can only be dealt with by candidates who thoroughly go through topics and mastering the principles under each topic.

### **QUESTION THREE**

The general performance on this question was excellent. 31 of the 37 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 83.8% was recorded. The lowest mark recorded was 7 while the highest was 23.

The question was made up of four parts A, B, C and D which were on directors of a company, articles of association and attributes of incorporation. Candidates seem to have prepared themselves thoroughly on this topic as most of them were able to give the correct answers to the questions. There was an impressive pass rate for on this question where about three quarters of candidates obtained 100% on the question. The familiarity of the topics arising from thorough studying on the matters, could be attributed to the candidates' performance on the subject. For the future, candidates are encouraged to study even harder to maintain this record.

### **QUESTION FOUR**

The general performance on this question was excellent. 39 of the 42 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 92.9% was recorded. The lowest mark recorded was 0 while the highest was 25.

This was a two-part question. The first part required the candidates to explain the various business entities. Candidates did quite well on this part. The second part required them to explain the meaning of a pre-incorporated contract and its effect on a company after incorporation. Candidates struggled to effectively address this part of the question with about 70% finding challenges. For the future, candidates should put in more effort in study the student handbook where all the information pertaining to the pre-incorporation contracts is fully provided.

### **QUESTION FIVE**

The general performance on this question was excellent. 32 of the 37 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 86.5% was recorded. The lowest mark recorded was 5 while the highest was 25.

This question had three parts. The first part required candidates to explain corporate governance elements. Though optional, it was heavily attempted by candidates and the performance was impressive. About 90% got this question correct. The ones who missed it did not understand the question completely. Notwithstanding the stunning performance, candidates are encouraged to read the student handbook even more to be able to understand the other topics which they are equally examined on.

The second part of the question required candidates to distinguish a floating charge from a fixed charge. Most candidates got this part correct. About 80% got this question correct. The ones who missed it did not understand the question completely and are therefore encouraged to pay attention to the topic in the handbook in the course of their studies.

This part of the question focused on the duties of a company secretary. Candidates were required to exhibit knowledge of the same topic. The Zica manual is adequate enough for any student to understand this topic. Though most candidates got this question correct, few candidates 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. Roughly 80% go this part right.

### **Overall performance of candidates**

- i. Highest mark obtained in this paper: 78%.
- ii. Lowest mark obtained in this paper: 14%.
- iii. Overall pass rate in this paper: 89.7%