DECEMBER 2022

CHIEF EXAMINERS' REPORTS

DIPLOMA IN ACCOUNTANCY PROGRAMM

SUBJECT: DA1 FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 118 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 18.6% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This question had ten (10) multiple choice parts. Candidates are encouraged to practice more on multiple type questions.

QUESTION TWO

The general performance on the question was very good. 89 of the 112 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 79.5% was recorded. The highest score was 19 while the lowest was 3 out of 20.

Part "a" required candidates to prepare a statement of Profit or Loss account for the year ended 31 March 2020. This part was well done except the computation of Depreciation on Equipment and motor vehicles. On equipment, many candidates failed to use the Net book value on applying the 20%.

Part "b" required candidates to prepare a statement of Financial Position as at
31 March 2020. Apart from poor presentation, this part was well answered.

QUESTION THREE

The general performance on the question was very poor. Of the 40 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 7.5% was recorded. The highest score was 12 while the lowest was 0 out of 20.

Part "a" was divided into three parts. Part "a"(i) required candidates to establish the total Purchases' figure and the cost of sales. The few candidates who attempted this part presented poor answers. Lack of knowledge on incomplete records contributed to the poor performance.

Part "a" (ii) required candidates to establish the cash drawings using the cash account. Candidates who attempted this question omitted this part.

Part "a" (iii) required candidates to prepare a statement of Profit or Loss account. Candidates avoided this part.

Part "b" required candidates to prepare a receivables ledger control account. Candidates obtained good marks on this part.

Candidates are encouraged to develop interest on incomplete record knowledge as this topic is regularly examined.

QUESTION FOUR

The general performance on the question was excellent. 95 of the 112 candidates that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 84.8% 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, and an appropriation section of partnership account. This was well answered.
Part "b" required candidates to prepare current accounts for the partners. It was well answered.

QUESTION FIVE

The general performance on the question was very good. 82 of the 112 candidates that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 73.2% was recorded. The highest score was 19 while the lowest was 1 out of 20.

Part "a" required candidates to prepare a statement of Profit or Loss account. Candidates failed to correctly adjust the allowance for receivables.

Part "b" required candidates to prepare a statement of Financial Position of a limited company. The only common mistake by candidates was treating the bank overdraft as a current asset. This should be under current liabilities.

QUESTION SIX

The general performance on the question was very poor. Of the 65 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 3.1% was recorded. The highest score was 15 while the lowest was 0 out of 20.

Part "a" (i) required candidates to prepare a motor vehicles account. Candidates lost easy marks by failing to put the narration against the entered figures. Some candidates were using the figures of the proceeds instead of the cost for disposed vehicles. This account should be credited with the cost figure for each disposed vehicle using Disposal as narration.

Part "a" (ii) required candidates to prepare an allowance for Depreciation on motor vehicles account. Candidates failed to establish the total year's depreciation charge figure. (see working one in the solution)

Part "a" (iii) required candidates to prepare a motor vehicle Disposal account. No particular mistake was identified.

Overall performance of candidates

Highest mark obtained in this Paper **69%**
Lowest mark obtained in this Paper **6%**
Overall pass rate in this Paper **57.6%**

SUBJECT: DA2 - QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was poor. Of the 157 that attempted the question, only 57 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was a set of multiple choices covering the whole syllabus. The general performance on this question was fair, with an average mark of 8 out 20 marks. The question was attempted by all the 157 candidates. Candidates mostly failed to answer correctly questions that involved calculations hence there is need to inform candidates that they should be prepared to answer numerical calculation type of questions even on multiple choice questions.

QUESTION TWO

The general performance on the question was very good. Of the 94 that attempted the question, only 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 28.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question required candidates to use the given data to construct a pie chart. Most of the candidates were able to compute the angles required to draw the pie chart. It was observed that some candidates were converting to percentages instead of angles hence they lost marks.

Part b of the question required candidates to set up a probability and cumulative probability distribution using the given data. Candidates were also required to establish random number intervals for the variables and simulate the data using the given set of random numbers. It was observed that some candidates were finding it difficult to compute the correct probabilities hence the solutions for the other parts were affected.

QUESTION THREE

The general performance on the question was very good. 107 candidates out of the 141 that attempted the question 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 0 out of 20.

The question was split in two parts:

Part (a): This part was on Net Present Value. Candidates were required to use the given cash flow data to calculate the NPV. Further the candidates were required to use the NPV to determine if the project is viable. Most of the candidates managed to solve this question correctly except a few who were making computational errors when replacing the given data in the formula.

Part (b): Part b of the question required candidates to use the given scenario to set up the probability distribution table. The table was to be used to compute the expected value and the standard deviation of the data. It was observed that most candidates did not know that a negative was to be added to the third entry because it had to do with a "loss" rather than a "profit". The general performance on this part of the question was not good.

QUESTION FOUR

The general performance on the question was poor. Of the 105 candidates that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 23.8% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This was an unpopular chosen question among candidates.

Part (a): This part of the question required candidates to use the given probability distribution table. The table was to be used to compute the expected value and the standard deviation of the data. Most candidates did well on this part of the question.

Part (b): This part required candidates to compute probabilities based on the given probability table. It observed that candidates had difficulties computing the correct probabilities using the data that was given in the probability table. Perhaps emphasis should be made on how to compute probabilities on probability tables.

Part (c) had ungrouped data and candidates were required to find the mean and variance of the data. A good number of candidates solved this problem correctly. Those that lost marks were using wrong formulas.

QUESTION FIVE

The general performance on the question was very good. 89 of the 136 candidates that attempted it managed to obtain at least 10 out of the available 20 marks. A pass rate of 65% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to use the concept of compound interests to calculate the time taken for an investment to reach the specified amount. Most candidates had no difficulties in solving this problem except a few who used wrong formulae.

Part (b); candidates were required to use the given data to find the regression line and to estimate the value of y when $= 18$. Further, the candidates were required to calculate and interpret the correlation coefficient of the data. It was observed that the performance in this question was good, candidates had less challenges in solving the given questions. Those that lost marks on this part of the question made computational errors.

QUESTION SIX

The general performance on the question was very good. Of the 141 that attempted the question, 101 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required the candidates to use the given data to compute the Net Present Values for two projects and conclude which project is worthwhile. The performance of candidates on this part of the question was good. Most of the candidates computed correct NPV's and concluded correctly. Part (b) of the question required candidates to use the given data to find the rank correlation coefficient using the spearman's formula. Most of the candidates failed this part of the question due to lack of knowledge on the concept of spearman's formula.

Overall performance of candidates

Highest mark obtained in this paper: **84%**
Lowest mark obtained in this paper: **6%**
Overall pass rate in this paper: **54.1%**

SUBJECT: DA 3 – BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was fair. 70 of the 136 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 51.5% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This was a compulsory Multiple Choice question made up of ten (10) questions each worth 2 marks.

QUESTION TWO

The general performance on the question was poor. Of the 85 that attempted the question, only 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 31.8% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This was an option question.

(a) Required candidates to explain using graphs, how the given changes in demand and supply would affect the equilibrium price and quantity. Performance was fair. However, graphs were largely poor. Equilibrium requires that the initial equilibrium position is drawn. Once this is done then answering the question becomes easy. (i) increase in supply shifts the supply curve to the right, and (ii) increase in demand shifts the demand curve to the right. New equilibrium price and quantity can easily the seen as required. Some candidates drew the correct graphs but did not explain the graphs and lost some marks as such.

(b) Candidates were required to explain the relationship between tow goods whose cross elasticities were given. This was poorly done by many candidates. It is important to know that cross elasticity of demand shows whether goods and substitutes or complements in consumption. A positive figure indicates substitutes while a negative one implies complements. Some candidates explained the relationship in terms of normal goods and inferior goods!

(c) Candidates were required to explain the difference between positive and negative externalities. Overall performance was poor. This is evidence of candidates omitting certain topics when preparing for exams. An externality represents either a benefit or a cost to a third party not directly involved in a given activity.

QUESTIONE THREE

The general performance on the question was very good. Of the 118 that attempted the question, 75 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This was another optional question.

(a) Candidates were asked to define the production possibilities curve. This was correctly answered by majority of candidates. However, some candidates could not define it correctly.

(b) Candidates were asked to sketch the PPC. This was done properly by majority of candidates. For some, this is where they collected the only marks on this question. The common errors for those who failed included in part (i) poor sketches. Some candidates interchanged capital goods and consumer goods. Capital goods should have been on the y-axis as required. Further, some drew a straight-line PPC which wouldn't have been the case had the candidates used the graph paper provided. For parts (ii) and (iii) of this question, some candidates couldn't locate them in appropriate places.

(c) Required candidates to explain the shape of the PPC, why it is concave. This was poorly done by majority of candidates. The sole reason is increasing opportunity costs as one good is being substituted for another in production.

(d) Required candidates to outline any two factors that may shift the PPC outwards. Again performance was mixed. Few candidates could clearly outline the factors such as improvement in technology, improvement in productivity through improved education and training, etc.

QUESTION FOUR

The general performance on the question was poor. Only 14 candidates out of the 64 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 21.9% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This was another optional question.

(a) Candidates were asked to define market structure. Many candidates got the definition wrong!

(b) Candidates were asked to outline generally any three (3) benefits of (argument in favour of) having monopoly industries. Few candidates could come up with all the three reasons required.

(c) Required candidates to distinguish between the long-run equilibrium position of a monopolist firm from that of a monopolistically competitive frim using diagrams. Performance was fair. Major weaknesses included poor diagrams which were not properly labeled let alone explained. Some candidates couldn't distinguish the two market structures. Others, drew the diagrams for perfectly competitive firm. The key issue is that in the long –run, a monopolistic firm can still earn abnormal profits while a monopolistically competitive firm can only make normal profits because of the freedom of entry and exit.

QUESTION FIVE

The general performance on the question was fair. 47 out of the 111 candidates that attempted it managed to obtain at least 10 out of the available 20 marks. A pass rate of 42.3% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This was another optional question.

(a) Candidates were asked to briefly explain GDP at (i) factor cost and (ii) market price. Performance was very poor. This is usually a very common computational question in DA 3. Here, all that was required was a brief explanation of the terms.

(b) Candidates were asked to explain any three factors that influence the amount of savings. Here performance was fair, though there were too many common sense answers devoid of the answers given in the Study manual!

(c) Required candidates to explain the four (4) phases of a trade or business cycle. Performance was below average. Some candidates confused the trade cycle with factors of production or circular flow of income or indeed barriers to trade! Others who correctly identified the phases merely listed them without explaining them. Yet, others listed them correctly but explained them wrongly! Candidates are urged to cover the entire syllabus when preparing for the exam.

QUESTION SIX

The general performance on the question was good. 62 of the 114 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 54.4% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This was another optional question.

(a) Candidates were asked to distinguish between cyclical and technological unemployment. This was well answered by majority of candidates.
(b) Candidates were asked to outline any two (2) negative effects of high unemployment. Performance was fair. However, there were too many uneconomic answers given by candidates. The costs of unemployment are clearly given in the Study Manual.
(c) Required candidates to explain the term inflationary gap. There was fair performance.
(d) Candidates were required to state any four (4) anti-inflationary measures for demand-pull inflation. This part of the question was poorly performed. Many candidates seemed not to know the policy measures that the government can use to cure inflation caused by excessive demand. Answers required a mix of monetary and fiscal policies.
(e) Candidates were required to describe the causes of cost put push inflation. Performance was fair though some candidates seemed not to be sure of cost push inflation; inflation caused by increases in the costs of production.

QUESTION SEVEN

The general performance on the question was good. 25 out of the 41 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 61% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This was another optional question.

(a) Candidates were asked to describe the composition of the Balance of Payments. Performance was fair. However, some candidates couldn't bring out the three major components namely current, capital and official reserves let alone explaining them.
(b) Candidates were asked to explain how a Balance of Payment deficit can be (i) financed (two ways) and (ii) corrected (two ways). There was fair performance though some candidates interchanged the ways for financing with those for rectifying the deficit.
(c) Required candidates to explain the process of credit creation by banks. Majority of the candidates failed to answer this question correctly. Some candidates didn't attempt it while others went on to give unnecessary illustrative figures. The indication is that some candidates overlooked this topic in their exam preparation.

Overall performance of candidates

Highest mark obtained in this paper: **85%**
Lowest mark obtained in this paper**: 10%**
Overall pass rate in this paper: **48.5%**

SUBJECT: DA4 - INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was very good. 70 of the 92 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 76.1% was recorded. The highest score was 16 while the lowest was 4 out of 20.

This question was multiple-choice.

QUESTION TWO

The general performance on the question was poor. Of the 66 that attempted the question, only 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39.4% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question was about controls in a computer system that can be categorised, comparing and contrasting the bus and star topology and describing the meaning and significance of spreadsheet software.

The common mistakes were as follows:

  i.   Most students managed to list the controls but were explaining computer security issues
 ii.   Most students did not compare and contrast the two topologies but illustrated them in a diagram and gave advantages of the topologies
iii.   Most students could not explain relative and absolute cell references correctly

QUESTION THREE

The general performance on the question was very poor. Of the 55 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 18.2% was recorded. The highest score was 14 while the lowest was 0 out of 20.

The question was about moral dimensions of the information age, advantages of a CD-ROM over a floppy disc, database and functions of DBMS and advantages of using bespoke software as compared to off-the-shelf software in a business organisation.
The following were the common mistakes noted in this question:

  i.   Most students did not understand or know the moral dimensions of the information age
 ii.   Some students were wrongly defining a database as a software, folder or file
iii.   Most students did not explain bespoke software with off-the-self software
       correctly and the comparison could not be explained well.

QUESTION FOUR

The general performance on the question was poor. Of the 60 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30% was recorded. The highest score was 14 while the lowest was 1 out of 20.

The question was about major roles of an information system in an organisation, primary activities in Porter's value chain model and the common causes of computer lock-ups.

Most of the candidates lost marks on this question because they did not understand or know the primary activities in Porter's value chain model.

QUESTION FIVE

The general performance on the question was fair. Of the 72 that attempted the question, only 32 managed to obtain at least 10 out of the available 20 marks. A pass rate of 44.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was about the internal and external types of communication in an organisation.

The following were the common mistakes noted in this question:

Wrong content presented, hence students failed to answer question correctly

i. Presented all communication patterns such as the Y, chain, Wheel etc., instead of examples of the nature of communication likely to flow on the given aspects of the question.
ii. General statements were presented without specific example.
iii. Very poor quality of examples was given, not in line with the question.
iv. Candidates specified only one type of communication, either upward or in some cases downward.
v. Horizontal communication, diagonal and informal communication were given as answers
vi. The definition of internal and external communication was mixed up.

QUESTION SIX

The general performance on the question was fair. 27 of the 49 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 55.1% was recorded. The highest score was 16 while the lowest was 0 out of 20.

The question was about writing a formal report to the manager highlighting main findings from the investigations taken.

The following were the common mistakes noted in this question:

i. Wrong format/layout such as letters and reports were used which was not supposed to be the case
ii. Failure to link the contents in the answer with scenario provided in the question.
iii. Failure to attempt this question
iv. Inappropriate titles of the report were provided

v.   In some cases no conclusions and recommendations were provided
vi. Very poor introduction and conclusion of the report
vii. Standard parts of the report were presented without content
viii. Poor subheadings were presented in the report.

QUESTION SEVEN

The general performance on the question was very good. 44 of the 63 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 69.8% was recorded. The highest score was 17 while the lowest was 0 out of 20.

The general performance on this question was good. 43 out of 62 candidates that attempted this question managed to score 10 marks and above out of 20 marks. The pass rate was 69%. The candidate that scored highest got 17 out of 20 while the lowest got 0 out of 20. The question was about stating forms of written documents commonly used in business. The following were the common mistakes noted in this question:

i.   Failed to come up with different forms of written communication
ii.   Different types of letters were presented as answers which were not supposed to be the case.
iii. Wrong explanation of different forms of written communication of which candidates were only expected to state them not to explain.
iv.   Failed to explain different types of a letter
v.   Wrong identification and explanation of the parts of a letter.
vi.   Parts of a formal report were presented instead of a letter.
vii. The 7 Cs of effective communication and characteristics of a report were presented on this question.

Overall performance of candidates

Highest mark obtained in this paper: **70%**
Lowest mark obtained in this paper: **16%**
Overall pass rate in this paper: **41.3%**

SUBJECT: DA5 - COST ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 164 that attempted the question, only 65 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39.6% 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.

QUESTION TWO

The general performance on the question was poor. Of the 137 that attempted the question, only 29 managed to obtain at least 10 out of the available 20 marks. A pass rate of 21.2% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question examined of labour remuneration, the advantages and disadvantages of the piecework scheme and calculations of the economic order quantity.

This question was relatively popular but poorly attempted especially the remuneration calculation. Common errors were encountered on the calculation of bonus and overtime time premiums. Future candidates should pay particular attention on the calculation of time saved to calculate bonuses payable.

Furthermore, a good number of candidates calculated negative overtime on the second and third employees. For those employees the overtime was nil.

QUESTION THRREE

The general performance on the question was fair. 91 of the 156 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question required computation of cost variances. In most cases, candidates miscalculated the standard cost hence wrong variances resulted. The correct way of computing the standard cost is by getting the product of actual level of activity and the standard rate.

QUESTION FOUR

The general performance on the question was fair. Of the 138 that attempted the question, only 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 29.7% 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 the majority of candidates. Overall comment is that candidates were able to use the correct format for process costing but ended up computing wrong figures.

Part (a): this part had good answers on the input side but candidates could not compute Normal loss values as well as abnormal loss units. This made them lose marks on good units valuations. Candidates should understand how to calculate the cost per unit of good units and abnormal loss

units. The scrap value of K2 which was supposed to be used to value the normal loss units was ignored by many.

Part (b) was not well answered because many failed to calculate the correct abnormal units and its value. Others did not even show that they need to show the profit or loss to profit and loss statement.

Part (c) was not well answered by candidates as many showed lack of understanding in what was required of them to be calculated. Many were just able to calculate the sales values and got stuck at that stage instead of calculating the joint cost from process 1 and 2.

Part (d) required candidates to explain the difference between the two methods but candidates were busy explaining that one is a correct method while the other one is not, others were writing that one method is easy to calculate while others not which was far not true. The examiner wanted an explanation on the use of sales values and physical quantity to share common costs.

QUESTION FIVE

The general performance on the question was fair. Of the 118 that attempted the question, only 54 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a)
In most cases candidates were able to calculate the rate correctly except for few candidates who could not even state the formulae.

Part (b)
This part was well answered in most cases. However, some candidates still had challenges and as a result they could not achieve the full mark. Such candidates were unable to allocate costs and worst still failed to apportion. The computation of overhead absorption rate for the cost centres proved a challenge saves for those candidates who prepared well.

Part (c)
Varying answers were given on this part in most cases candidates failed to understand the basic requirements of the question as a result many waffled a lot.

QUESTION SIX

The general performance on the question was very poor. Of the 77 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 14.3% was recorded. The highest score was 13 while the lowest was 0 out of 20.

Part (a) and (b)
A contract account should have a debit and a credit column. In other words, a contract account is based on basic financial accounting of Gold Rule. Instead many candidates produced a trial balance instead and some even prepared a ledger. As a result, many candidates failed to score well.

Part (c)

Candidates failed to understand the basic question instead they were just reproducing the figures as given in the question.

Overall performance of candidates

Highest mark obtained in this paper: **80%**
Lowest mark obtained in this paper: **11%**
Overall pass rate in this paper: **29.3%**

SUBJECT: DA6 – BUSINESS LAW

QUESTION ONE

The general performance on the question was very good. 94 out f the 125 candidates that attempted it managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.2% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was compulsory and based on multiple choice. It required students to exhibit understanding of all topics in the syllabus.

QUESTION TWO

The general performance on the question was fair with 60 out of the 112 candidates that attempted the question managing to obtain at least 10 out of the available 20 marks. A pass rate of 53.6% was recorded. The highest score was 12 while the lowest was 2 out of 20.

This question had two parts, the first part was on Strict Liability and the second part was on ways of terminating a contract. All the students thought the question was based on Negligence. For the future, students should be taught the elements of Strict Liability and how to distinguish the same from those of Negligence. The second part of the question was fairly answered with 99% of the students getting it right. The Zica manual has all the topics that were examined on including the one on strict liability. There is no reason therefore why a student who is properly prepared should fail to correctly answer the question on strict liability. Students must pay interest to the study manual as it is on that that they are examined.

QUESTION THREE

The general performance on the question was good. 73 out of the 117 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 62.4% was recorded. The highest score was 20 while the lowest was 2 out of 20.

The question was made up of three parts that is, partnership deed, partners as agents of the partnership and sharing of losses and profits in a partnership. About 98% attempted the question and did quite well. However on part C of the question, students, roughly about 60%, could not realize that in the absence of agreement, profits and losses in a partnership are to be shared equally. For the future, students must study all the topics in the manual thoroughly as the likely of being examined on any question, is quite high.

QUESTION FOUR

The general performance on the question was excellent. 92 out of the 112 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 82.1% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This was a two-part question. The first part required the students to explain the tests for determining an employee for purposes of Vicarious Liability. About 80% of the students failed to identify the tests. Students should read more on the test for identifying an employee for purposes of Vicarious Liability. The second part required students to discuss Common Law duties of an employee towards the employer. The performance of the students on this was quite good.

QUESTION FIVE

The general performance on the question was fair. Of the 79 that attempted the question, only 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 43% was recorded. The highest score was 15 while the lowest was 0 out of 20.

(a) This question focused on discharge of contracts by Frustration. To be precise, it demanded students to demonstrate knowledge on discharge of a contract through Frustration. Students were expected to demonstrate understanding of the same. Most students managed to get the correct answers but others exhibited total ignorance. This costed candidate's valuable marks. For the future candidates are implored to read questions and understand them before attempting any question. Roughly 80% managed to answer the part correctly.

(b) This question was based on tort. Candidates were expected to deal with the tort of negligence and show their knowledge on the same. Students exhibited good knowledge of the negligence. For the future students are advised to revise the topic and appreciate all its incidents.

QUESTION SIX

The general performance on the question was good. Of the 72 that attempted the question, 48 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was made up of two parts Types of Judicial Precedent and Advantages of Judicial Precedents. About 56% of the candidates attempted this question. The performance was above average though could have been better where there is adequately preparedness for the exam.

Overall performance of candidates

Highest mark obtained in this paper: **76%**
Lowest mark obtained in this paper: **29%**
Overall pass rate in this paper: **66.4%**

SUBJECT: DA 7 - PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was fair. Of the 68 that attempted the question, 40 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.8% was recorded. The highest score was 14 while the lowest was 0 out of 20.

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

QUESTION TWO

The general performance on the question was very poor. Of the 62 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 6.5% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question had two (2) parts: (a) and (b).

Part (a) required candidates to describe 5 advantages of involving employees in what a manager do identify Rensis Likerts four distinct management styles and explain their impact on motivation. Most candidates performed poorly. They could not identify the Rensis management styles

Part (b) required candidates to explain cost for Poor selection and Poor recruitment on an organization.

Most candidates could not even state the difference between selection and recruitment. This was a fair question at this level and students must be more forecast on studying.

QUESTION THREE

The general performance on the question was poor. Of the 65 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

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

Part (a) required candidates to describe 5 advantages of involving employees in what a manager does.
Most candidates could not get good answers and those who managed to get average score gave common knowledge answers

Part (b) asked candidates to describe 5 elements exhibited by emotionally intelligent leaders. Majority of the candidates could not give satisfactory answers to gain marks.

QUESTION FOUR

The general performance on the question was fair. Of the 51 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45.1% was recorded. The highest score was 20 while the lowest was 0 out of 20.

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

Part (a) asked candidates to explain 6 barriers to effective appraisal system in an organization Most candidates did not do well on this part.

Part (b) required candidates to explain 4 benefits of appraisal system.

Failure to fully understand the concept of appraisal system in performance management made most of the candidates lose marks on both part of the question.

QUESTION FIVE

The general performance on the question was fair. Of the 63 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 44.4% was recorded. The highest score was 16 while the lowest was 0 out of 20.

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

Part (a) asked candidates to explain 4 roles of a Team Leader in a modern organization.
Most candidates failed to give correct answers needed but instead wrote functions of the manager.

Part (b) asked candidates to explain the findings of the Hawthorne Experiment conducted by Elton Mayo.

Most candidates did not answer this question well and the model was so strange to those who attempted this part of the question

QUESTION SIX

The general performance on the question was very poor. Of the 17 that attempted the question, none managed to obtain at least 10 out of the available 20 marks. A pass rate of 0% was recorded. The highest score was 6 while the lowest was 0 out of 20.

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

Part (a) asked candidates to list the steps of control process
Part (b) asked candidates to state 4 factors closely related to cognitive intelligence
Part (c) asked candidates to define any 4 forms of divisional structures

This question was avoided by most candidates and those who attempted failed to give corrected answers recording a 100 failure rate

Overall performance of candidates

Highest mark obtained in this paper: **68%**
Lowest mark obtained in this paper: **10%**
Overall pass rate in this paper: **18.2%**

SUBJECT: DA 8 – FINANCIAL REPORT

QUESTION ONE

The general performance on this question was poor. Only 53 of the 181 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 29.3% was recorded. The lowest mark recorded was 0 while the highest was 22.

This was a compulsory question that required the candidates to prepare the statement of profit or loss for Panja Group as at 31 December 2021. Overall, this question was unexpectedly poorly performed despite the fact that it is a predictable type of question for section A.

Part (a) required candidates to compute goodwill, non-controlling interest and the investment in an associate for inclusion in the consolidated statement of financial position. This part, though a very commonly asked question at DA8, was fairly done. It is disappointing to report that a significant minority of candidates continue to respond incorrectly to calculation on share for share consideration and contingent consideration. Most candidates were able to calculate the goodwill with a few exceptions of some students that showed lack of knowledge on the calculation of the deferred consideration, though the NCI figure was properly brought in by most of the students. Calculation of the retained earnings at acquisition was also a challenge by most of the candidates as they were not able to apportion the profits for the 4 months. Some candidates also showed lack of knowledge on the share capital that was to be used in the calculation of the net assets figure. Calculation of the NCI figure also seemed to be a challenge to some candidates.

Part (b) required candidates to prepare the consolidated statement of profit or loss. This part of the question gave most students a challenge as there were not able to prorate the figures for subsidiary for the 8 months' period from acquisition. Calculation of the associate profit to be included in the statement of profit or loss was a challenge as most candidates were not able to calculate the correct figure. Most candidates showed lack of knowledge of the treatment of the statement of profit or loss, some candidates were preparing the statement of financial position instead of the required statement of profit or loss. Calculation of the unrealized profit also seemed to be a challenge for most of the candidates. Calculation of the period for which the subsidiary was part of Panja Plc was also a challenge as students were using different months. Some candidates were apportioning the share of the subsidiary Suka by getting only 75% of all the figures. Significant minority candidates were bringing the goodwill figure in the statement of profit or loss.

Part (c) required candidates to explain the meaning of the terms control and significant influence. This part of the question was disappointingly and poorly answered as most candidates showed lack of knowledge on this topic. Most candidates referred to control as having power over the assets and operations of the company. The explanations that were provided by most candidates did not refer to control and significant influence according to IFRS 10 and IAS 28 definition. Significant influence was the worst as most of them could not even relate the explanation to the scenario.

QUESTION TWO

The general performance on this question was poor. Only 68 of the 181 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 37.6% was recorded. The lowest mark recorded was 0 while the highest was 21.

This was a compulsory question that required the candidates to prepare the statement of profit or loss and other comprehensive income and statement of financial position for Zeko Plc for the year ended 31 September 2020. Overall, this question was badly performed despite the fact that it is a predictable type of question for section A.

Generally, many candidates had serious presentation challenges. Workings were not numbered and neither transferred to the face of the main answer page nor referred to. Some candidates run out of time for the actual presentation which is a clear indication of poor time management.

A good number of candidates were inconsistent with indicating whether the figure is negative or positive.

QUESTION THREE

The general performance on this question was very poor. None of the 100 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 10.

This was an optional question that required the candidates to explain with relevant simple computations the accounting treatment of different transactions according to IFRSs/IASs. Overall, this question was badly performed despite the fact that it is a predictable type of question for section B.

The following were notable challenges that candidates faced across all the parts of the questions requiring application of different accounting standards. The most common mistake among the candidates was basically book lifting the information that was given in the scenario. Some candidates gave explanations which were not part of the question requirement for instance explanation of what IAS 16 is and yet the requirement is when to recognize an asset in the books. Significant majority of candidates could not make reference to the scenario and ended answering the question that they would have liked to be asked.

QUESTION FOUR

The general performance on this question was poor. Only 44 of the 156 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 28.2% was recorded. The lowest mark recorded was 0 while the highest was 21.

This was an optional question that required the candidates to calculate the accounting ratios and analyse the financial position and performance of Sando Limited. Overall, this question was poorly performed.

Part (a) required candidates to calculate accounting ratios. This part of the question was generally well performed except inability by few candidates to calculate operating profit, net assets, capital employed and earnings per share.

Part (b) required candidates to analyse the financial position and performance of Sando. This part proved to be significantly challenging to the candidates due to reasons best known to them. Significant majority candidates provided definitions and recited the calculated ratios rather than interpretations. Unfortunately, most of the candidates' wasted time to respond to the analysis by way of writing a report which was not asked for in the question.

Part (c) required candidates to state additional pieces of information which could have enhanced the meaningfulness of comparison between the two given companies. This part was the worst performed. Candidates lacked the knowledge of what to respond and in some instances provided recommendations of what the two companies need to work on rather than additional information. Candidates could have interrogated the given ratios for the Competitor Company and request for the financial statements.

QUESTION FIVE

The general performance on this question was very poor. None of the 52 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 9.

This was an optional question that required the candidates to perform some simple computations and brief explanations related to inventory accounting, contract accounting and lease accounting. Overall, this question was the worst performed.

Part (a) required candidates to prepare the branch inventory account and list the possible reasons for the differences between the physical inventory count and inventory valued. This part was avoided by most of the candidates due to lack of knowledge.

Part (b) required candidates to perform simple calculations showing the amounts to be included in the statement of profit or loss and the statement of financial position in respect of the contract. The computation of the level of completion was wrongly handled by many candidates who used the value of invoiced works instead of the certified works.

Part (c) required candidates to perform simple calculations to show the effect of the lease contract on the financial statements of the company for three years from 2019 - 2021. Candidates were not writing the correct amounts as they were making omissions of thousands. Furthermore, a significant number of candidates mixed up the advance and arrears treatment of the lease.

Overall performance of candidates

Highest mark obtained in this paper: **63%**
Lowest mark obtained in this paper: **5%**
Overall pass rate in this paper: **13.3%**

SUBJECT: DA9 - MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was poor. Only 84 of the 225 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 37.3% was recorded. The lowest mark recorded was 0 while the highest was 24.

This question was on cash budgeting. Despite this topic regularly examined candidates still have challenges in tackling it.

The following were the observations:

Part (a)
A number of candidates failed to explain as they were simply listing or just generalizing on budgeting. They displayed little or no knowledge on the importance of cash budget.

Part (b)
Most candidates did well on this part except for some who failed to interpret the terms for sales and wages. The discounts on the receivables were either misapplied or completely ignored. They failed to appreciate the fact that the wages were being delayed.

QUESTION TWO

The general performance on this question was fair. 103 of the 249 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 41.4% was recorded. The lowest mark recorded was 0 while the highest was 25.

The question had three (3) parts.

Part (a)
In most cases candidates found this question straightforward as many answered this part correctly. However, for some candidates the question proved a challenge as they were unable to relate the standard costs to the output. Candidates prepared the budget in form of variances.

Part (b)
The actual profit statement was well prepared by those candidates who prepared the budget well. For those who answered it in form of variances they could not achieve any mark

Part (c)
Many candidates failed to suggest appropriate results as a result they failed. In most cases they could state the same reasons to all the variances.

QUESTION THREE

The general performance on this question was good. 122 of the 243 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 50.2% was recorded. The lowest mark recorded was 0 while the highest was 25.

The question required candidates to come up with notes explaining budget terms. The question was well answered as many candidates scored good marks on it and it was almost 100 percent attempted.

However, we had candidates who could not explain the meaning of Budget period as they ended up of saying budget period is the period of budget preparations which was wrong but the budget period is the period to which the budget relates.

Fixed budget was poorly answered as some candidates simply stated it as a budget that can never be changed no matter what. Yet a fixed budget is explained in the context of it not changing with the level of activities.

Flexible budget was also poorly answered as common answer was Flexible budget is the budget that can be changed any time e.g. quarterly or monthly but it should never be changed no matter what.

Zero based budgeting was another part which was not properly answered as many were busy explaining the rolling Budget instead of Zero-based Budget.

QUESTION FOUR

The general performance on this question was good. 54 of the 106 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 50.1% was recorded. The lowest mark recorded was 0 while the highest was 22.

This question was not very popular and most candidates instead opted to answer question five. Common errors noted were:

i.   Part (a): failing to identify four classifications of inventory. Most of the answers mention opening and closing inventories, waste and scrap. Hardly anyone mentioned the fourth category; which is consumable inventories and spare parts.
ii. Part (b): most candidates omitted this part on the calculation of the re-order level. The majority of those who attempted this part confused the formula.
iii. Part (c): very few candidates could mention the reasons for holding cash as transactional, precautionary and speculative motives. However, marks were awarded for explaining the reasons on the same lines as the motives.
iv. Parts (d) and (e) on cash management were fairly well attempted
v.   Parts (f) and (d) on receivables management were very well attempted.

QUESTION FIVE

The general performance on this question was poor. 51 of the 158 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 32.3% was recorded. The lowest mark recorded was 0 while the highest was 24.

Part (a)
The question looked basic at this level but candidates failed to meet the requirements of the question. In particular the calculation of return per factory hour and later on the TA ratio was poorly done. The computation of bottleneck hours proved to be a challenge.

Part (b)
Varying answers were given. Most candidates did not understand the principle of throughput accounting ratio.

Part (c)
This part required explanations but instead some candidates were listing the features and in some cases duplicating the explanations on different features.

Overall performance of candidates

Highest mark obtained in this paper: **78%**
Lowest mark obtained in this paper: **3%**
Overall pass rate in this paper: **46.9%**

SUBJECT: DA10 – TAXATION

QUESTION ONE

The general performance on this question was good. 48 of the 91 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 52.7% was recorded. The lowest mark recorded was 0 while the highest was 22.

This question had three parts (a), (b) and (c) was on taxation aspects of a public limited company which was listed on the stock exchange and offered 36% of its shares to indigenous Zambians in the current tax year.

And in these three parts candidates were required to calculate the amount of capital allowances claimable by the company, the adjusted business profit and amount of income tax payable by the company for the tax year 2022.

In part (a), candidates had the challenges of computing the capital allowances. Candidates had either used wrong rates for certain business assets. For example, the Toyota Hilux Double cab Van where they used the rate of 25% as a commercial vehicle instead of treating it as an non-commercial vehicle at the rate of 20%.

Some candidates still have a problem of dealing with a situation where an asset is disposed of and either a balancing allowance or charge needs to be calculated.

In part (b), some candidates had a challenge of identifying which items were disallowable and needed to be added back to profit before tax. For instance others failed to deal with personal to holder cars based on the engine capacity of a particular car.
Some candidates after adding disallowable expenditure, they deducted investment income and grossed them up instead of deducting them as they were eitherr gross of net. The grossing up should be done only when computing the income tax.

In part (c) most of the candidates could not get the correct amount of tax because of the wrong taxable income. Some candidates even included dividend income where withholding tax is a final tax in which case only royalties and fixed deposit interest should have been taxed in their grossed form and treating the withholding tax as a tax credit.
The overall performance on this question was at least average.

QUESTION TWO

The general performance on this question was poor. 25 of the 88 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 28.4% was recorded. The lowest mark recorded was 2 while the highest was 19.

This question had three parts (a), (b) and (c) and was on taxation aspects of employment and business income related to an individual who resigned from his employment and later on set up his own business.

In part (a) candidates were required to explain how the basis period for the profits made by given tax payer for the period ending 31 December 2022, would be determined.

And in parts (b) and (c) candidates were required to compute the final taxable profits from the business and the income tax payable taxpayer for the tax year 2022

In part (a) the performance was not very good because of lack of knowledge of the basis period especially where the company is either commencing or winding up trade in which case commencement or cessation rules should have been applied.

In part (b) it was the usual challenge of identifying the disallowable expenditure which should have been added to the profit before tax and deducting capital allowances to arrive at adjusted business profit. One of the problems was failure to deal with capital allowances for industrial buildings where land should have been deducted because it does not qualify for capital allowances purposes.

The other challenge was failure to deal with capital allowances for a car which required a private use adjustment. Only the business proportion of capital allowances should have been deducted.

In part (c), some candidates exhibited a weakness in dealing with a taxpayer who was employed and resigned during the charge year. The taxpayer should have been taxed in proportion to the number of months he worked.

The overall performance was on this part of the question was below average.

QUESTION THREE

The general performance on this question was poor. 21 of the 67 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 31.3% was recorded. The lowest mark recorded was 0 while the highest was 23.

This question was on import taxes and had two parts (a) and (b).

In part (a) candidates were required to list any Four (4) documents that must be presented at border related to importation of a motor vehicle and to explain any four methods which can be used to determine the Value for duty purposes (VDP) for purposes of calculating excise duty on locally manufactured goods.

In part (b) candidates were required to calculate the amount of VAT payable or refundable to one given Joseph for the month of February 2022 and to explain three (3) advantages and two (2) disadvantages of accounting for VAT using the cash accounting scheme.

In part (a) (i), most candidates performed quite well as it was just simply listing documents to be presented at the border for the clearance of motor vehicles which was required.

In part (a) (ii), the majority of candidates did not have sufficient knowledge in the methods used to determine the Value for duty purposes (VDP) for locally manufactured products. Most of them ended up talking about methods used to calculate the VDP for imported goods instead of locally manufactured goods.

In part (a) (ii) most of the candidates performed exceptionally well. The only challenge to some candidates was failure to use the correct rates for customs and excise duty for new cars based on the engine capacity of the car and sitting capacity.

In part (b), (i), the majority of candidates had problems in computing the correct output and input tax, especially for a trader dealing in standard rated, zero rated and exempt supplies.

In part (b) (ii) candidates exhibited lack of knowledge on the cash accounting scheme where they were required to state the advantages and the disadvantages of the scheme. Therefore, the performance was not very good.
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QUESTION FOUR

The general performance on this question was fair. 24 of the 48 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 50% was recorded. The lowest mark recorded was 1 while the highest was 25.

This question was on provisional and actual tax implications for a person involved in farming and a person who took the liberty of selling some of his properties so as to build funds with a view of being involved in public passenger transport business having two parts (a) and (b).

In part (a) candidates were required to calculate the amount of provisional income tax paid during the tax year 2022 clearly showing the due dates for the same and the final income tax payable by a given Mr. Chipeta for the tax year 2022.

In part (b) candidates were required to explain the property transfer tax implications arising from the sale of personal assets by a given Mr Ngoshe supported by a computation of property transfer tax paid, if any, on each of the given transactions.

In part (a) (i), most candidates were quite knowledgeable on the computation of the provisional income tax except a few of them who used the actual profit instead of the estimated profit to compute the provisional income tax. Others failed to recall that provisional tax is paid in four installments, i.e. quarterly on due dates. Most of them did not have problems to state the correct due dates.

In part (a) (ii) candidates failed to acknowledge that a taxpayer who had farming and non- farming income should have been taxed according to the rate applicable to farming at 10% and non-farming based on tax bands for an individual.
Some candidates failed to state the correct date for the payment of income tax, which is 21st June of the following year.

In part (b), the performance was quite good as most of them had minor challenges in dealing with property transfer tax (PTT) on explanations and computations at the rate of 5%.

QUESTION FIVE

The general performance on this question was good. 35 of the 65 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 53.8% was recorded. The lowest mark recorded was 1 while the highest was 22.

This question touched on the IFAC Ethical code, presumptive and turn over tax issues and had three parts (a), (b) and (c).

In part (a) candidates were required to explain the reason why professional codes of ethics exist for the accountancy profession and the five (5) principles of the codes of ethics applicable to professional accountants providing taxation services.

In part (b) candidates were required to explain any three (3) benefits of presumptive taxes for transporters, to describe the types of persons liable to pay turnover tax and to calculate the amount of tax paid by a given Dennis in the tax year 2022.

In part (a) (i) most candidates failed to provide satisfactory answers for the importance of professional ethics to accountants as explanations were not directed at addressing the question. A number of them were talking about professional ethics in general as opposed to their importance. Therefore, the performance was not very good.

In part (a) (ii) most candidates were able to recall the professional ethics, but the explanations were mixed up. Some candidates confused themselves between objectivity and integrity. However, most of performed quite well on this part of the question.

In part (b), the performance was above average as most candidates were able to explain the benefits of presumptive tax and as a result there were very minor challenges.

In part (c) (i), most candidates performed well except a few of them who could not bring forward the correct answers in terms of the types of persons who are required to pay turnover tax.

In part (c) (ii), the performance was not very good as most candidates failed to compute the turnover tax which should have been calculated based on the number of quarters in a year.
A number of them were trying to calculate the turnover tax according to the number of days when the tables provided were per annum and per quarter.

Overall performance of candidates

Highest mark obtained in this paper: **80%**
 Lowest mark obtained in this paper: **12%**
Overall pass rate in this paper: **42.9%**

SUBJECT: DA11 - PRINCIPLES OF AUDITING

 QUESTION ONE

The general performance on this question was poor. 64 of the 185 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 34.6% was recorded. The lowest mark recorded was 1 while the highest was 21.

Specific comments on each question

(a) The question was fairly answered as most candidates were able to explain the procedures when an auditor is resigning. However wrong answers mistook this question for procedures when an auditor is removed.

(b) (i) There was an overlapping responsibility of the chairman and that of the chief executive director. Most of the candidates did not pick this from the scenario and just explained the need for good corporate governances in general and got no marks at all,
(ii) The functions of the audit committee were required .A good number managed to explain the roles and functions. There were wrong answers suggesting that audit committee is also responsible for internal controls and the preparation of financial reports. The correct point is that they are responsible for reviewing financial statements and not preparing them. Other wrong answers included the responsibilities of the auditors which were not asked for.

(c) Most candidates performed well on this question except a few students that ended up giving wrong answers' meaning they did not understand the meaning of the term ' outsourcing '.The students thought outsourcing was using internal audit staff and did not obtain marks at all. Others went on explaining disadvantages of outsourcing which was not asked for.

(d) Most students wrote only on business risks and nothing on audit risks and vive –versa. Others explained misstatements which was not required and scored only for part of what they answer those that got this part wrong did not pay attention to all question requirements.

QUESTION TWO

The general performance on this question was poor. 44 of the 184 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 23.9% was recorded. The lowest mark recorded was 0 while the highest was 19.

The question has multiple requirements. The following was noted:

(a) (i) Sampling risk was mistaken as audit risk was an auditor expresses an inappropriate opinion which did not earn candidates any marks. Other wrong answers stated that it is a risk as result methods used in understanding the client and its environment. It shows that students do not cover all aspects of the syllabus when studying for examinations.
(ii) The procedure for selecting samples was mistaken for procedures used when gaining understand of client through risk assessment. They ended up stating enquiries, observations and inspections and analytical procedures which were not asked for in this case. Therefore no marks were awarded for these wrong procedures.

(b) (i) This part was well answer by most candidates.
(ii) This part referred to (b) (i) above. Despite most getting part (b) (i) correct, a good number could not apply the assertions to the audit of Equipment as mentioned in the question and ended up getting a fraction of allocated marks as answers were too general.

(c) Once again most candidates stated sampling methods such as random sampling and ended up losing easy marks. Correct answers required were narratives, questionnaires, checklists and flowcharts.

(d) Instead of answering the required question, most candidates did not know which procedures are carried out during an interim audit such as testing internal controls and substantive audit procedures. Instead they mostly explained the responsibilities of management such as to ensuring that fraud and errors do not occur. The work carried out during interim audit is well documented in the text book for Principles of Auditing.

QUESTION THREE

The general performance on this question was very poor. Only 1 of the 51 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 2% was recorded. The lowest mark recorded was 0 while the highest was 20.

The following was observed on the various parts of the question:

(a) (i) Most candidates failed to explain the audit risk with regards to obsolescence of a fire in the financial statement. Others defined audit risks and its components which was confusing as this was not asked for. In the end many of those who attempted this question got this part wrong.
(ii) This required candidates to explain audit procedures with respect to obsolescence of a figure in the financial statements in the scenario. The failure by most candidates to explain audit procedures such as inspecting the company premises for the existence of equipment, made them lose a lot of marks. Others were just explaining management responsibilities such as …ensuring that the amounts in accounts are accurate and ensuring that presentation is properly carried out. Auditors are not responsible for maintaining financial statements and neither are they responsible for detecting fraud and errors. An audit procedure does not entail auditors performing what management is expected to do.
(b) The answers on written representations were poorly stated as most candidates failed even to define written representations such responsibility for the preparation of financial statements .Incorrect answers' included ordinary contents of an ordinary letter of engagement which resulted in loss of marks. Other left this part blank and did not attempt this part of the question.
(c) It was extremely disappointing that the topic of reporting continues to record few passes. Most candidates were not able to comprehend the meaning of emphasis of matter and other paragraphs and key audit matters. Others mistook *emphasis of matter paragraph* for *other matter paragraph* and lost valuable marks. The definitions and applications of these important concepts can be found in the text book of Principles of Auditing at the end of the text book.

QUESTION FOUR

The general performance on this question was fair. 78 of the 160 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 48.8% was recorded. The lowest mark recorded was 0 while the highest was 22.

The question has multiple requirements. The following was noted:

(a) (i) Most candidates gave correct answers except a few that stated wrong answers such as the elements of internal controls and lost valuable marks. Only control activities such as, authorization and approvals were in the purchases and inventory systems were required. Others candidates lost marks as they were generalizing instead of paying attention to the context as per question.
(ii) As most control activities suggested were wrong, even the tests of control were wrong. However a few managed to get the correct answers.
(b) This was well answered as candidates were able to identify and explain ethical matters correctly.
(c) Most of the candidates were able to give correct audit procedures relating to bank balances such as confirmations this part of the question was well answered.

QUESTION FIVE

The general performance on this question was fair. 67 of the 156 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 42.9% was recorded. The lowest mark recorded was 0 while the highest was 19.

The question has multiple requirements. The following was noted:

(a) A lot of candidates were able to state all elements of internal controls. This was commendable.
(b) (i) Most candidates were able to explain the audit risk model by just stating its components. However a good number of them were unable to explain how audit risks can be managed to an acceptable low level.
(ii) It was interesting to note that a good number of candidates were able to identify and explain different audit risks. However there were other wrong answers such those who thought audit risks are same as weaknesses in internal controls and ended up getting no marks at all.
(c) (i) This question was not correctly answered .Some candidates did not even know what test data was and its objectives or why test data is used by external auditors. Others thought test data is a form of CAATs. They ended up explaining the benefits of using CAATs such as being cost effective and fast. These were all wrong answers.
(ii) Others even included disadvantages of using CAATs which were not asked for and did not get any marks at all.
(iii) A few candidates were able to provide correct answers as to how test data can be used. However wrong answers were based on the use of CAATs such as it is able to reduce time due to being electronic software and that it requires very little training when being applied in the payroll.

Overall performance of candidates

Highest mark obtained in this paper: **72%**
Lowest mark obtained in this paper: **3%**
Overall pass rate in this paper: **36.2%**

SUBJECT: DA12 – GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was excellent. 85 of the 97 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 87.6% was recorded. The lowest mark recorded was 0 while the highest was 22.

This was a compulsory question and it had four parts. The first part required the students to state the Concepts of corporate governance. At least 99% of the students fairly answered the question. The second part required students to explain the role of stake holder theory and stock holder theory and student's performance on this was equally good. The third part required the students to explain the procedure for dissolving a company by striking off the register, this part was also fairly answered by the students. The fourth part required the students to explain the leakage of legal opinion, students also did well on this part. Generally the performance on this question was fine.

QUESTION TWO

The general performance on this question was very good. 66 of the 98 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 67.3% was recorded. The lowest mark recorded was 2 while the highest was 25.

The question was made up of four parts A, B, C and D which were on veil of incorporation, articles of association and Greenbury Report. All parts were well answered with three quarters of candidates getting everything right except for the Greenbury Report where most candidates had challenges. Otherwise the question was within the confines of the syllabus. The question was attempted by nearly every candidate. General performance on the question was good.

QUESTION THREE

The general performance on this question was very good. 50 of the 71 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 70.4% was recorded. The lowest mark recorded was 0 while the highest was 23.

The question focused on winding up of a company. Most candidates who answered this question performed quite well though others struggled to identify the best mode of winding based on the facts given. This is an indication that these few candidates are somehow not quite familiar with the subject matter. For the future, students must take enough time to study the topic in full as this would help them appreciate all forms of winding up as this is a highly examinable topic.

The question required students to explain the advantages of dissolution of a company by striking off the register. Students must take time to study all topics in the Zica manual in full. This topic can only be dealt with by candidates who thoroughly go through topics and mastering the principles under each topic.

The question was bordering on Sale of shares to the public. In particular, the students were to explain the contents of a prospectus. It is important for all candidates to revise the Zica manual on this topic as it is highly examinable. Most candidates got this question correct, a sign that they were familiar with this topic. 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 FOUR

The general performance on this question was fair. 27 of the 49 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 55.1% was recorded. The lowest mark recorded was 3 while the highest was 18.

(a) This Question was attempted under Section B. Students were supposed to explain the priority in terms of payment in the event of liquidation. Most students were able to show that priority is to be given to secured creditors first like Betty. However, some students failed completely to appreciate this aspect. This is an indication that these few candidates are somehow not quite familiar with the subject matter. The way forward for all prospective candidates is to take enough time to study the topic in full. The Zica manual will come in handy as it has all the necessary guides on the subject. Roughly 70% go this part right.

(b) The question required students to explain a debenture. 90% managed to get the answer correct while a few didn't. Students must take time to study all topics in full and avoid selective reading as, such topics can only be dealt with by candidates who thoroughly go through topics and mastering the principles under each topic.

(c) The question required students to differentiate between preferential shares and equitable shares. Those who attempted this question did fairly well except for a few who failed it. For the future, candidates must take time to study all the topics in full and be in a position to draw parallels on the same.

QUESTION FIVE

The general performance on this question was very good. 54 of the 75 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 72% was recorded. The lowest mark recorded was 4 while the highest was 22.

Question Five had three parts (a), (b) and (c) covering Stakeholder Theory, Winding up and Corporate Governance Principles. The question was within the parameters of the syllabus and candidates were generally able to respond as required by the question.

Overall performance of candidates

Highest mark obtained in this paper: **83%**
Lowest mark obtained in this paper: **20%**
Overall pass rate in this paper: **81.6%**