MARCH 2023

CHIEF EXAMINERS' REPORTS

DIPLOMA IN ACCOUNTANCY PROGRAMM

SUBJECT: DA 1 - FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was fair. Of the 40 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This was a compulsory question with ten parts.

QUESTION TWO

The general performance on the question was good. Of the 31 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 51.6% was recorded. The highest score was 17 while the lowest was 2 out of 20.

Part "a (i)" required candidates to prepare a manufacturing account. This part was well done by candidates.

Part "a (ii)" required candidates to prepare a statement of Profit or Loss. This part was well done by candidates.

Part "b" required candidates to prepare a statement of Profit or Loss using incomplete record knowledge. Candidates had challenges on establishing the correct sales figure.

Part "c (i)" required candidates to explain the terms mark-up and margin. Candidates gave good explanations.

Part "c (ii)" this was correctly answered.

QUESTION THREE

The general performance on the question was very good. Of the 36 that attempted the question, only 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.7% was recorded. The highest score was 19 while the lowest was 2 out of 20.

Part "a" required candidates to prepare a statement of Profit or Loss and appropriation account. Good answers were brought out by candidates.

Part "b" required candidates to prepare current accounts for partners. Good answers were given.

Part "c" required candidates to prepare a statement of financial position. Candidates failed to deduct the cost of disposal from the total cost and therefore, failed to establish the accumulated depreciation figure.

QUESTION FOUR

The general performance on the question was very poor. Of the 21 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 9.5% was recorded. The highest score was 12 while the lowest was 0 out of 20.

Part "a (i)" required candidates to distinguish between capital and revenue expenditure. Good answers were given.

Part "a (ii)" required candidates to explain the going concern concept and to explain how the concept can be applied to Ditta Company. The concept was well explained but how it applied to the company was not well answered because candidates failed to relate the decrease in demand for manual cars to mean the company could not continue to be classified as a going concern any more.

Part "b (i)" required candidates to prepare equipment account for three years. Candidates failed to obtain full marks by failing to use the right text under details column.

Part "b (ii)" required candidates to prepare allowance for depreciation on equipment account. Generally, this part was done correctly.

Part "b (iii)" required candidates to prepare a disposal account. Candidates failed to establish the accumulated depreciation on equipment A and therefore the profit on disposal was wrong.

Part "b (iv)" required candidates to prepare an extract of statement of Profit or Loss account to account for depreciation and profit on disposal. Many candidates only got marks through follow through principle since they had failed to correctly obtain depreciation expenses figures for the years 2020 and 2021.

QUESTION FIVE

The general performance on the question was excellent. Of the 36 that attempted the question, only 31 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86.1% was recorded. The highest score was 18 while the lowest was 3 out of 20.

Part "a" required candidates to prepare a statement of Profit or Loss account. Goods answers were given.

Part "b" required candidates to prepare a statement of Financial Position of a Limited company. Good answers were given.

QUESTION SIX

The general performance on the question was very poor. Of the 30 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 13.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part "a" required candidates to explain six (6) errors that cannot be disclosed by a trial balance. Good answers were given.

Part "b" required candidates to prepare a Journal proper to correct the given errors. This was poorly done. Candidates seemed to have problems with double entry system. Candidates are encouraged to take time to understand double entry book keeping system.

Part "c" required candidates to prepare a suspense account. This part was also poorly answered as some entries were posted to wrong side of the suspense account.

OVERALL PERFORMANCE OF CANDIDATES

Highest mark obtained in this Paper: 79%
Lowest mark obtained in this Paper: 10%
Overall pass rate in this Paper: 39%

SUBJECT: DA 2 QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was very good. Of the 25 that attempted the question, only 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was multiple choice and compulsory hence attempted by all the candidates.

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 regression, random values and probability distribution. The performance was not very good 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 excellent. Of the 23 that attempted the question, only 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 82.6% was recorded. The highest score was 20 while the lowest was 4 out of 20.

This question was compulsory hence attempted by all the candidates. The question hard two parts;

Part (a) requires candidates to use the given table of grouped data to construct the histogram, calculate the mean and standard deviation. Majority of students were able to draw the histogram correctly. The major challenge that was observed on some candidates was inability to indicate the class limits for the bars that were drawn. It was also noted that candidates were making lots of computation errors when calculating the mean and standard deviation despite knowing the correct formulae. The errors occurred due to incorrect values of mid-points that were computed from class limits. There should be more emphasis on correct calculation of mid-points.

Part (b) of this question required candidates to use concepts involved in constructing a pie chart to find missing values in the data. The key concepts are ability to use the degrees and connection between calculated degrees and actual data. Most candidates failed to get this question correctly due to lack of knowledge of the basic concepts. It is therefore recommended that candidates need to understand the basic principles involved in constructing a pie chart.

QUESTION THREE

The general performance on the question was poor. Of the 17 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.2% was recorded. The highest score was 16 while the lowest was 2 out of 20.

The question hard two parts requiring candidates to use the principles of probability rules. The first part uses Bayes method of solving probability while the second part comprised of dependent events and so candidates were required to use the basic probability rules of union, complement, intersection and conditional events to solve the given problems.

QUESTION FOUR

The general performance on the question was good. Of the 16 that attempted the question, only 8 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 0 out of 20.

The first part of the question required candidates to use the method of least square regression to plot the scatter plot, find the regression line and also use the regression line to predict values of dependent variable, given the independent variable. It was observed that candidates were able to plot the scatter plot but some candidates erroneously drew lines joining the scattered points on the graph.

The calculation involving regression line were correctly done by most of the candidate

The second part of this question presented a list of ungrouped data, and candidates were required to calculate the standard deviation. Most candidates demonstrated good knowledge of the required concept.

QUESTION FIVE

The general performance on the question was very good. Of the 23 that attempted the question, only 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 73.9% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This question was on firstly, ungrouped data and candidates were required use the data to find the mean, median and quartiles. Candidates were able to calculate the mean and median, but most had significant challenges in calculating the deviations due to inability to use the correct formulae. There is a formula used if total observation is even

and another formula when number of observations is odd. It is therefore recommended that candidates should get the concept of deviations

The second part of the question required candidates to use the concept of normal distribution to find probabilities. The performance on this part was not good as most candidates were able to find correct z-values but could not get correct z-table probability values

QUESTION SIX

The general performance on the question was good. Of the 20 that attempted the question, only 12 managed to obtain at least 10 out of the available 20 marks. A pass rate of 60% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question comprised of two parts;

The first part was on ungrouped data from two sets of individuals. Candidates were required to find the coefficient of variation. This means find the average of the data and its standard deviation. Dividing the standard deviation by the average for each set resulted in the required coefficient of variation. 50% of candidates were able to find the coefficient of variation. The challenge observed was lack of knowledge of the subject by some candidates while others interpreted coefficient of variation as the coefficient of correlations hence began to use regression concept to find correlation coefficient, which was wrong. The recommendation to candidates would be to understand the underlining principle of rations of means and standard deviation hence will not have misunderstanding of the coefficient of variation as has been observed.

The last part of the question required candidates to use the normal probability distribution to calculate probabilities between to values of random variable given in the scenario. It was observed that majority of candidates were able to calculate the z-values and also found probabilities for the respective z-values but failed to combine results obtained to find the required probability. We would therefore recommend thoroughly understanding of how to read the z-tables.

Overall performance of candidates

Highest mark obtained in this paper: 90%
Lowest mark obtained in this paper: 21%
Overall pass rate in this paper: 64%

SUBJECT: DA3 BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was very good. Of the 39 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.5% was recorded. The highest score was 14 while the lowest was 2 out of 20.

This was a compulsory question made up of ten (10) multiple choice question worth 2 marks each.

QUESTION TWO

The general performance on the question was excellent. Of the 33 that attempted the question, only 29 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.9% was recorded. The highest score was 20 while the lowest was 5 out of 20.

This was an optional question.

The question was divided into four (4) parts namely (a) to (d) as follows:

(a) Required candidates to complete the table for Marginal Product and Average Product. Overall performance on this part was excellent. Only a few candidates got it wrong. MP = ΔTP/ΔNumber of workers while AP = TP/Number of workers.
(b) Required candidates to indicate the highest average product and the corresponding output. Those candidates who failed to calculate figure for AP in (a) failed this one.
(c) Required candidates to explain what happen to Marginal Product after reaching its maximum. Calculated figures indicate that it falls.
(d) Required candidates to explain the Law of Diminishing Returns using the calculated figures. There was mixed performance. However, examination of the figures show that as more and more workers are employed the marginal Product of workers falls.

QUESTION THREE

The general performance on the question was fair. Of the 37 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.5% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This was an optional question. The question was divided into four (4) parts namely (a) to (d) as follows:

(a) Required candidates to differentiate between supernormal profit and normal profit. Overall performance was poor. Many candidates brought in the issues of lack of competition, short run versus long run. These are not the point of distinction. Normal profit is the return required to keep the business going while supernormal profit is above normal profit. These can occur whether in the short run or long run depending on the type of market structure.

(b) Required candidates to compare monopolistic competition with oligopoly in terms of market size, product type, price and demand curve. The common mistake was confusing monopolistic competition with monopoly. Another common mistake was stating that the type of product in oligopoly is homogenous!

(c) Required candidates to explain economic liberalization. The common mistake was to relate economic liberalization with privatization. The two are totally different. Economic liberalization is concerned with removing excess government regulation and protection of markets.

(d) Required candidates to distinguish between the short run and the long run. Performance was fair. Some candidates brought in the issue of profit! Others interchanged the fact that in the short run there is at least one fixed factor while in the long run all costs/factors are variable.

QUESTION FOUR

The general performance on the question was very poor. Of the 9 that attempted the question, only 1 managed to obtain at least 10 out of the available 20 marks. A pass rate of 11.1% was recorded. The highest score was 10 while the lowest was 0 out of 20.

This was an optional question. It was the least attempted and least performed question.

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

(a) Required candidates to explain diagrammatically the effect of drought on the demand for rice by establishing the new equilibrium quantity and price. Performance was very poor. Firstly, graphs were poor. Some candidates only drew either demand curves or supply curves. Equilibrium is always about the intersection of demand and supply curves. Secondly, failure to relate the given factor to the curves. The given factor I the question is drought and drought affects supply not demand. The supply curve for rice is expected to shift to the right as maize and rice are substitutes.

(b) Required candidates to define cross elasticity of demand and comment on 0.42. Many candidates properly define cross elasticity. However, some candidates failed to explain the meaning of 0.42 hence could not get the full marks allocated. A positive cross elasticity figure indicates that the two goods are substitutes.

(c) Required candidates to explain what happen to Marginal Product after reaching its maximum. Calculated figures indicate that it falls.

(d) Required candidates to explain any four (4) advantages of monopolies as an industry structure. The common mistake was that many advantages explained the

advantages that accrue to the firm. However, in evaluating economic efficiency, advantages to society are key.

QUESTION FIVE

The general performance on the question was poor. Of the 27 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 37% was recorded. The highest score was 14 while the lowest was 2 out of 20.

This was an optional question.

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

(a) This was divided into two (2) subparts namely (i) and (ii)
    (i)   Required candidates to calculate the equilibrium level of income and the multiplier. Performance was poor. Equilibrium in a closed economy occurs where C = I and the multiplier = 1/MPS or 1/(1 − MPC).
    (ii)   Required candidates to find the new equilibrium level of national income when investment increases to K50 billion. This was poorly done. Candidates needed to calculate the increase in income first by using multiplier x increase in investment. The new equilibrium is the increase in income + old income.
(b) Required candidates to explain any four (4) advantages of direct taxes. There was mixed performance as some answers given were for indirect taxes!
(c) Required candidates to outline any three 93) functions of commercial banks. Performance was mixed. Some candidates presented functions of the Central Bank which was not required! Others presented the objectives of commercial banks instead of the functions.

QUESTION SIX

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 0 out of 20.

This was an optional question.

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

(a) This was divided into three (3) subparts namely (i) to (iii):
    (i)   Required candidates to explain underground economy. Fairly answered.
    (ii)   Required candidates to explain intermediate goods. This was poorly done. The concept was to de explained I line with national income accounting. Intermediates goods are goods which still require further processing.

(iii)　Required candidates to explain national income approach to calculating GDP. Performance on this part was ok.

(b) Required candidates to calculate how much government spending should increase to eliminate the gap from the given data. This was poorly done. Candidates should have calculated the multiplier first using; Spending multiplier = $\Delta GDP/1 - MPC$. The required spending by government can calculated using $4 = K100m/\Delta G$.

(c) Required candidates to outline the four (4) phases of a business cycle. This was well scored though some candidates merely listed the phases and lost some marks as a result. Candidates are urged to pay particular attention to the command words used in the question.

QUESTION SEVEN

The general performance on the question was very good. Of the 32 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 68.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This was an optional question.

The question was divided into four (4) parts namely (a) to (d) as follows:

(a) Required candidates to differentiate between balance of payment and balance of trade.

(b) Required candidates to explain any four (4) factors that drive globalization.

(c) Required candidates to calculate the change in income when marginal propensity to consume (MPC) is 0.5 and the change in consumption is K500. This was fairly done. MPC = ΔIn Consumption/Δ in Income. What was needed then was just to substitute in the above equation.

(d) Required candidates to discuss any three (3) reasons why a government can intervene to control the exchange rates. This was well answered by the majority of candidates.

Overall performance of candidates

Highest mark obtained in this paper: 79%
Lowest mark obtained in this paper: 19%
Overall pass rate in this paper:　　　53.8%

SUBJECT: DA4 INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was very good. Of the 31 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71% was recorded. The highest score was 16 while the lowest was 4 out of 20.

This question was multiple-choice.

QUESTION TWO

The general performance on the question was excellent. Of the 10 that attempted the question, 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 90% was recorded. The highest score was 15 while the lowest was 2 out of 20.

The question was about storing accounting data that has been a challenge for some time and considering making use of data warehousing and data mining technology

The common mistakes were as follows:

   i.   Most students could not explain the analytical approach used by data mining software well.
   ii.   Some computer storage devices were outlined but some students were mentioning storage devices that are no longer used in organization (obsolete devices).
   iii. Most students could not explain correctly the purpose of the Information systems that serve the needs at the different levels of an organization.

QUESTION THREE

The general performance on the question was very poor. Of the 27 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 14.8% was recorded. The highest score was 14 while the lowest was 0 out of 20.

The question was about the most effective ways to ensure the organization is taking the correct steps to mitigate risks and develop a set of internal controls that ensure processes, policies and procedures are designed to protect the value of corporate assets and keep the organization secure and intact. Explaining a typical Local Area Network (LAN) configuration.

The following were the common mistakes noted in this question:

i. Most students did not understand the question. They were describing the IT/IS controls in an organization, instead of describing the controls that minimise security risks to keep the organization secure and intact.
ii. Most students did not understand the question of LAN. They were explaining the physical layout and not explaining the configuration of LAN.

QUESTION FOUR

The general performance on the question was poor. Of the 15 that attempted the question, only 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 33.3% was recorded. The highest score was 14 while the lowest was 0 out of 20.

The question was about stating advantages of using cell referencing in formulae instead of cell contents, advantage of using macros in spreadsheets, common features of social networks and business applications which can be part of integrated financial management system software.
The following were the common mistakes noted in this question:

i. Most students answered the advantages of using cell referencing in formulae well but could not give an advantage of using macros in spreadsheets.
ii. Some students could not mention the most common features of social networks. They were mostly explaining about Facebook and WhatsApp social media.
iii. Most students misunderstood or did not understand the business application of integrated financial management system software. They were explaining the general application software used in an office, e.g. MS Word, MS Excel, etc.

QUESTION FIVE

The general performance on the question was excellent. Of the 28 that attempted the question, 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 92.9% was recorded. The highest score was 20 while the lowest was 7 out of 20.

The question was about explaining the 7C's of effective communication used in everyday business operations and the challenges that are likely to hinder effective communication.

The following were the common mistakes noted in this question:

i. Most student's failed to identify the 7C's, failed to provide correct explanation of the 7C's and all sort of C's such as care customer and so on were provided as answers which was not supposed to be the case

ii. Most students failed to identify the barriers, failed to explain how the presented barriers are a hindrance to communication and wrong content was simply provided as answers.

QUESTION SIX

The general performance on the question was very good. Of the 25 that attempted the question, 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76% was recorded. The highest score was 14 while the lowest was 2 out of 20.

The question was about explaining the five roles managers play at work places and writing meeting notice and agenda.

The following were the common mistakes noted in this question:

(a) Most students indicated type of meetings instead of roles of meetings as requested in the question.
(b)   (i)   -some students failed to present important details such as time, day, date and venue of a meeting notice.
- unrealistic dates for the past years such as 2019 and so on were presented on a notice
- Wrong subject line on the notice document

   (ii)   -No items for discussion in the meeting were presented as required from the question
- The items on the agenda were not logically listed.
- The agenda had unnecessary items
- Activity Programs with time allocated to items were presented instead of a simply list of items to be discussed in a meeting
- Different type of agenda such as for annual general meeting was presented which was not supposed to be the case.
- In some cases, minutes of a meeting were produced instead of the agenda as required by the question.

QUESTION SEVEN

The general performance on the question was good. Of the 9 that attempted the question, 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.5% was recorded. The highest score was 18 while the lowest was 2 out of 20.

The question was about writing a letter to the Human Resource manager, stating two characteristics of written communication and explaining parts of a letter.

The following were the common mistakes noted in this question:

a) Most students repeated key principles and wrong content was provided

b) Most students drew diagrams instead of explaining the given terms from the Questions. The explanations of the given graphic terms were wrong, and some students mixed up answers for the graphic term s.

c) Wrong content was indicated

d) Some students also mixed up some of the advantages of visual communication and its key principles which were not supposed to be the case.

Overall performance of candidates

Highest mark obtained in this paper: 71%
Lowest mark obtained in this paper: 21%
Overall pass rate in this paper: 64.5%

SUBJEC: COST ACCOUNTING - DA5

QUESTION ONE

The general performance on the question was poor. Of the 62 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 32.3% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This is a compulsory question of multiple choice questions.

QUESTION TWO

The general performance on the question was very poor. Of the 11 that attempted the question, only 1 managed to obtain at least 10 out of the available 20 marks. A pass rate of 9% was recorded. The highest score was 10 while the lowest was 1 out of 20.

The question examined Contact costing and Job costing.

In part (a), all the candidates failed to calculate the profit or loss and no one went beyond getting the degree of completion. Consequently no one succeeded in getting the interim profit or loss.
Candidates should have used the following formulae:

- Expected profit = Contract value – (costs to date +anticipated future costs)
- The degree of completion for each contract = Cost to date/ Total costs.
- Interim profit or loss for each contract in line with policy =
  2/3 X Notional Profit X Cash received/Value certified.

In part (b), generally, the question was poorly answered, no candidate stated the similarities between job costing and contract costing in a satisfactory manner. An answer on the following lines was required, e.g. that both job costing and contract costing are specific order costing; in the case of both job costing and contract costing, each job or contract constitutes a cost unit.

Part (c) examined the main features of contract costing. This part was fairly well attempted.

QUESTION THREE

The general performance on the question was poor. Of the 59 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass

rate of 37.2% was recorded. The highest score was 20 while the lowest was 5 out of 20.

The question examined service and operation costing.

It was the most popular question in Section B as it was attempted by all the candidates.

However, the noted common error was that most students combined the cost of rent and rates with the cost of heating and lighting and apportioned it based on the floor area. While the answer was correct the two costs should have been dealt with separately.

In addition, many candidates had difficulties apportioning costs of service cost centres to production cost centres. This demonstrated lack of practice by students.

QUESTION FOUR

The general performance on the question was good. Of the 54 that attempted the question, 36 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.

This question examined candidates on variances.

Part (a) was on producing a standard cost card. Candidates were able to produce a cost card for material and labour costs but could not compute the variable production overhead and fixed production overhead costs per unit.

In part (b), variances were well answered by the majority of candidates but some candidates had problems calculating variable production overhead and fixed overhead production cost variances.

QUESTION FIVE

The general performance on the question was poor. Of the 61 that attempted the question, only 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.7% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question examined candidates on inventory management and it was very popular.

Part (a) was not well answered by candidates as they failed to calculate correct EOQ (Economic Order quantity) as they were using the monthly demand figure instead of the annual demand figure. Candidates were expected to multiply 1,000 monthly demand by 12 months. The other common error was on mixing up inventory level formulae.

Part (b) required candidates to explain the assumptions of the EOQ but very few managed to state these assumptions correctly. The majority of those who attempted this question did not answer this part at all.

Part (c) required candidates to explain lead time, buffer inventory, economic order quantity, re- order level and re-order quantity. Most explanations were very wrong.

QUESTION SIX

The general performance on the question was fair. Of the 59 that attempted the question, only 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.7% was recorded. The highest score was 15 while the lowest was 2 out of 20.

This question examined process costing and marginal costing. It was well attempted.

The common errors noted in part (a) on process costing were:

i.   the mistake of using K130,000 instead of K130,500 and
ii. the use of 50 units of abnormal loss only in the calculation of scrap value.

In part (b) (i) on marginal costing, many candidates who answered the question scored good marks but a good number failed to calculate the cost of production.

In part (b) (ii), most candidates answered this question very well. No major challenges were observed.

Overall performance of candidates

Highest mark obtained in this paper: 85%
Lowest mark obtained in this paper: 12%
Overall pass rate in this paper: 33.9%

SUBJECT: DA 6: BUSINESS LAW

QUESTION ONE

The general performance on the question was very good. Of the 25 that attempted the question, 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 68% was recorded. The highest score was 16 while the lowest was 6 out of 20.

Question one was attempted by all candidates as it was a compulsory question. The performance was good with three quarters getting above 10 marks. The few who did not do well may have not mastered the art of dealing multiple choice questions. Candidates are therefore encouraged to practice answering multiple choice questions more.

QUESTION TWO

The general performance on the question was very good. Of the 21 that attempted the question, 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.7% was recorded. The highest score was 17 while the lowest was 3 out of 20.

The question was a situational one. It was loaded with information and candidates were required to discuss the following salient features of partnership that is; nature, formation and dissolution. Candidates answered it very well as many seemed to have an in-depth knowledge on the topic.

QUESTION THREE

The general performance on the question was fair.   Of the 17 that attempted the question, 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.8% was recorded. The highest score was 16 while the lowest was 4 out of 20.

The question was made up of two parts namely stages of law making and sale of goods. The question was within the syllabus. However, some students could not realize that the question (part B) was on the goods being but went fit for the purpose, to discuss the tort of negligence. In future, candidates need to study the manual and pay attention to detail during examination.

Though the overall performance was good, candidates are encouraged to read carefully the questions before they answer.

QUESTION FOUR

The general performance on the question was very good. Of the 19 that attempted the question, 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78.9% was recorded. The highest score was 18 while the lowest was 4 out of 20.

Question four was divided into three parts. The performance was average with candidates under part (a) able to explain how an agency relationship can be created. Under part (b) here again the performance was good as all candidates managed to identify the duties of the principal and the agent. For part (c), Only a few managed to give the correct legal principle in the case. The common mistake being that candidates do not direct their minds towards case law. It is highly recommended that they familiarize themselves with case law as well as statutes under each topic as this is a law course.

QUESTION FIVE

The general performance on the question was excellent. Of the 22 that attempted the question, 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86.4% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question had three parts.

(a) This question required candidates to decipher whether after Mirriam made a counteroffer which was rejected, a contractual relationship was formed. 70 percent of the candidates managed to answer this correctly. The mistake made by the rest was out of ignorance of what was required of them.

(b) Candidates were required to state the requirements of a valid contract in relation to the relationship between the two parties in the question. Which many answered fairly well.

(c) A number of the candidates were able to highlight the implications of an item being on display on a shelf in a shop and cited relevant case law.

The common mistake was on failure to distinguish offer from invitation to treat and rules of acceptance.

QUESTION SIX

The general performance on the question was very good. Of the 20 that attempted the question, 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 70% was recorded. The highest score was 20 while the lowest was 3 out of 20.

The question was made up of three parts (A), (B), (C) and (D) covering an offer, privity of contract, unascertained goods and the multiple (economic reality test). All parts of the question were well answered except Part D where some of candidates took it to mean an economy of the country. This was a common mistake across several candidates.

In future candidates must understand the questions and respond according to instructions in the question.

Overall performance of candidates

Highest mark obtained in this paper: 74%
Lowest mark obtained in this paper: 21%
Overall pass rate in this paper: 88%

SUBJECT: DA7 PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was very good. Of the 24 that attempted the question, 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75% was recorded. The highest score was 18 while the lowest was 4 out of 20.

This was a compulsory case study question and was expected to be answered by all candidates and consisted of multiple choices. It was well answered by most candidates.

QUESTION TWO

The general performance on the question was poor. Of the 11 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 27.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was avoided by more half of the candidates who sat for this paper and only three of them obtained a pass mark. In the three (3) parts of their answers, observations were that:

(a) Most candidates gave a correct answer or definition.
(b) Candidates satisfactorily gave the four characteristics that constitute organizations.
(c) In this section majority failed to give the correct answer. Below is the summary of the results.

QUESTION THREE

The general performance on the question was fair. Of the 24 that attempted the question, 12 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 14 while the lowest was 8 out of 20.

This question was in three parts, (a) (b) and (c). The following were the observation:

(a) In this section most candidates gave correct answers
(b) Was fairly done
(c) Majority of the candidates failed to define or provide the contents of an organizational chart.

QUESTION FOUR

The general performance on the question was very good. Of the 14 that attempted the question, 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78.6% was recorded. The highest score was 20 while the lowest was 8 out of 20.

The question had three parts (a) and (b). Most candidates who attempted this question generally did well in all the three parts. Candidates gave out well laid out and solutions. The table below shows the performance.

QUESTION FIVE

The general performance on the question was excellent. Of the 24 that attempted the question, 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.5% was recorded. The highest score was 19 while the lowest was 6 out of 20.

This question was in two parts (a) and (b). The question was well answered and passed by most candidates.

QUESTION SIX

The general performance on the question was fair. Of the 23 that attempted the question, 13 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.5% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was in two parts (a) and (b) worth 10 marks each.

 (a) This part was examining candidates on Peter Drucker's management theories. A number of candidates seemed to mistake Drucker's theory with Henri Fayol's theory.
 (b) This part was examining on cooperatives and poorly answered by most candidates.

 Generally, the layout of the answers was poor. Below is the indication of performance.

Overall performance of candidates

Highest mark obtained in this paper:	80%
Lowest mark obtained in this paper:	36%
Overall pass rate in this paper:		70.8%

SUBJECT: DA8 FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was very good. 67 of the 92 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 72.8% was recorded. The lowest mark recorded was 1 while the highest was 25.

This was a compulsory question and carried 25 marks.

The general performance on this question was excellent as a greater number of candidates scored highly on it with some achieving all the 25 marks.

From those with ailing performance on the question, the following observations were made:

i.   Candidates who did not perform very well included those that seem to have attempted the question as a last resort after the other questions. This meant that they answered the question with reasonable pressure and failed to produce the workings that give the majority of the available marks.
ii.   Some candidates only presented workings with no entries on the face of the statement of financial position. This made them lose marks which could have easily been obtained from the items in the trial balance.
iii. Some candidates were writing rounded off figures without indicating on the heading what they were rounding to.
iv.   Posting correct totals on the face of the statement of financial position that required workings, with no associated working and consequently losing out on a lot of marks.
v.   A handful of candidates failed to correctly workout a figure for unrealized profit due to failure to understand the meaning of mark up and margin and their associated difference.
vi.   Further, it was observed that some candidates did not fully understand 'full consolidation' method of accounting for a subsidiary entity and 'equity' method of accounting for associate as seen in their adding of all assets and liabilities of parent, subsidiary and associate entities.

QUESTION TWO

The general performance on this question was fair. 45 of the 91 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 49.5% was recorded. The lowest mark recorded was 0 while the highest was 23.5.

This was another compulsory question and carried 25 marks. The question had three requirements as follows. Part (a) required candidates to prepare the statement of profit or loss and other comprehensive income for the year ended 31st March 2022. Part (b) required candidates to prepare the statement of changes in equity for the year ended 31 March 2022 and part (c) required candidates to prepare the statement of financial position as at 31 March 2022.

From those underperforming candidates, on the question, the following observations were made:

i.   Revenue: Most students failed to get the correct revenue figure of K533,400 because they failed to subtract three years deferred revenue whose performance obligations had not yet been satisfied after only one year. [2400(3200*3/4year) from K535800]. Further, very few candidates could even take the differed income to statement of financial position worse the splitting of it into current and non current liabilities.

ii.   Finance cost was wrongly calculated by most candidates as they applied the effective interest rate of 8% on the total proceed of K60,000,000 (600,000 loan notes * K100) instead of applying the rate on the liability component of the convertible loan note after splitting the loan into equity and debt.
      Further, a reasonable number of candidates failed to ascertain correct initial liability for amortization as they failed to recognize the fact that 600,000 was the number of loan notes to be valued by multiplying number of notes with the nominal value of each note. Such candidates used 600,000 notes as value.

iii. A handful of candidates struggled to calculate revaluation surplus correctly as they attempted to compare original cost of building with its revalued amount instead of following the basic revaluation principle of comparing carrying amount of revalued asset on revaluation date with their revalued amount. Otherwise no much misunderstanding was recorded on plant and equipment re-measurements. However, candidates struggled to ascertain impairment loss on patent with some treating whole difference as amortization of K2.2 million.

iv.   With regards to statement of changes in equity, most candidates only managed to write brought forward figures. They failed to add any amounts from transactions that arose during the year. Almost none included the equity option of the

convertible loan in this statement. A few candidates presented opening balances for equity as though they were closing balances. Further, majority candidates failed to transfer part of revaluation surplus to retained earnings as indicated in the question and so could not reduce the revaluation surplus balance as well in other comprehensive income portion of statement of profit or loss and other comprehensive income.

Future candidates are reminded to do practice of full examination style questions on this topic to assist them with mastery.

v. The majority of candidates accounted for bank balance as an asset instead of a liability. This common mistake continues to abound for many years now. Candidates are reminded of the sitting position of bank balance in the trial balance that if it's on the debit, it's an asset (positive balance at the bank) and if it's on the credit, it's a liability (negative balance) at the bank.

vi. Another matter of weakness was the failure by candidates to calculate deferred taxation at the reporting date. Instead of applying the tax rate on the taxable temporary difference of K37 million, candidates took the K37 million amounts for deferred taxation at year end. This affected there computation of tax charge to go to profit or loss as all deferred tax movement needed to go to profit or loss statement.

QUESTION THREE

The general performance on this question was poor. 13 of the 70 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 18.6% was recorded. The lowest mark recorded was 1 while the highest was 20.5.

This was an optional question and carried 25 marks. The question had two requirements as follows. Part (a) required candidates to calculate equivalent ratios to those provided in the question about performance of Musimbi Co's sector. Part (b) required candidates to analyse the performance and position of Musimbi in comparison to the sector entities' average performance.

From those underperforming candidates on the question, the following observations were made:

From those underperforming candidates, on the question, the following observations were made:

i. Candidates were unable to calculate the net asset turnover as they mostly used the difference between current assets and current liabilities as denominator instead of capital employed of total assets less current liabilities.

ii. There was misinterpretation on the debt to equity ratio as majority of candidates had different perspectives on the matter. Others calculated the ratio using only long term debt (without leases), others calculated ratio using only non current liabilities (debt and lease). Otherwise the debt to equity ratio should have been calculated using total debt and total equity.

   Future candidates are reminded to pay attention to explanation of alternative ways to calculate the ratios but also to pay attention when a specification is made in the examination question paper. Further, a few candidates used only share capital for equity, unlike total for all equity items.

iii. Analysis of performance was a major draw back by these candidates. Hardly did any candidate make meaningful interpretation. Worse still, some candidates mistook the sector average ratios for Musimbi Co previous year ratios and were consistent with their misunderstanding throughout their interpretation.

   Future candidates are reminded that good interpretation is not just stating that the ratio was better or poorer than the sector average. Good interpretation is to provide possible reason of the movement based on additional information provided or based on the presentation of some amounts in relation to other amounts in the financial statements. In short, the interpretation must make sense.

QUESTION FOUR

The general performance on this question was very poor. None of the 21 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 10.5.

This was another optional question and carried 25 marks. The question had three requirements (a), (b) and (c).

The general performance on this question was poor.

From those underperforming candidates, on the question, the following observations were made:

i. Part (a) required candidates to explain how financial instruments should be classified, initially measured and subsequently measured in the books of Mudaala for the year to 30th June 2026 in accordance with IFRS 9 *Financial Instruments.* Almost all candidates expressed a lot of ignorance on aspect of classification, initial measurement and subsequent measurement of a financial asset debt instrument.

No candidate was even able to compute carrying amount at year end 30 June 2022 as discount was not just accounted for.

Future candidates are reminded to familiarize themselves with financial instruments as levels of ignorance were excessive.

ii.   Part (b) required candidates to discuss the appropriate accounting treatment for the e instrument in the scenario (b) for the year ended 30th June 2022, and contrast with treatment if instrument was designated as Fair Value Through Profit or Loss (FVTPL) instrument in accordance with IFRS 9 *Financial Instruments*.

Again total ignorance was portrayed by candidates at this diet on the required accounting treatment for both classifications.

iii.   Part (c) required candidates to explain the required accounting treatment for the machine in the scenario for the year ended 30th June 2022 in accordance with IAS 16 *Property, Plant and Equipment.*

The major weakness on this part was failure to recognize the fact that total life of machine was changed effective 1 October 2021 and hence depreciation needed to be recalculated based on the remaining life of the asset from date of change. As a result of failure to recognize this, depreciation after 1 October was wrong for all candidates except one candidate who managed to calculate correct amounts all the way to the reporting date.

Future candidates are reminded to pay attention to little details in a question, so they may take them into account.

iv.   It was also noticed all candidates lacked basic principles of accounting for financial instruments. Future candidates are advised to cover all accounting standards adequately prior to an exam.

QUESTION FIVE

The general performance on this question was poor. Only 11 of the 63 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 17% was recorded. The lowest mark recorded was 0 while the highest was 17.5.

This was another optional question and carried 25 marks. The question had four (4) requirements (a), (b), (c) and (d).

From those underperforming candidates, on the question, the following observations were made:

i.   Part (a) required candidates to define events after the reporting period and outlining three (3) examples of adjusting events and three (3) examples of non-adjusting events.

The majority of candidates exhibited ignorance of IAS 10 events after the reporting period despite it being very basic standard. Only a handful of candidates were able to display the correct definition. Examples were the worst challenge on this part of the question.

ii. Part (b) required candidates to explain accounting treatment of adjusting events in accordance with *IAS 10 Events after the reporting period.*
There was reasonable display of knowledge although for some candidates, it was clear they looked at the self-explanatory nature of the content in the question.
Future candidates are reminded not to leave any stone unturned during preparatory stage of their journey to become an accountant.

iii. This part required candidates to describe 'investment property in accordance with *IAS 40 Investment properties*, giving examples.

A few candidates were able to provide definition of the subject matter with a great number expressing total ignorance. It is important to cover syllabus in a non-selective manner.
And investment property was mistaken to be an investment or a purchase of shares in a subsidiary company by some candidates.

iv. This part (d) (i) required candidates to give advice on the required accounting treatment for the building for the year ended 30th June 2021 if the following models were adopted:

   (1) Cost model
        Most students failed to do the correct calculations and did not recognize the depreciation in the profit and loss and also did not take the carrying amount to the statement of financial position.

   (2) Fair value model
        Most students failed to appreciate the treatment of fair value, that the property should be recognized at fair value of 690 and that the impairment should be 60 that is the difference between 750 and 690.

   A few students did not understand the question properly hence the did not do any calculations but instead on did the theory part on all the questions above. Even the explanations were also wrong.

v. Part (ii) of (d) required candidates to discuss the accounting treatment of the brand that Tabo must adopt for the year ended 30 June 2021. It also required a contrast of accounting treatment of Tabo brand and any internally generated brand.

Most students failed to explain the treatment of internally generated brand, they failed to explain that non purchased brand can never be recognized in the financial statements.

Overall performance of candidates

Highest mark obtained in this paper: 75%
Lowest mark obtained in this paper: 14%
Overall pass rate in this paper: 40.2%

SUBJECT: DA9 MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was poor. Only 25 of the 87 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 28.7% was recorded. The lowest mark recorded was 1 while the highest was 20.5.

This is one of the compulsory questions. Part (a) examined the preparation of functional budgets. The majority of the candidates scored good marks but a few were not able to calculate the sales value of K57, 600 for the quarter 1 of year 2024 for the purpose of calculating the budgeted material usage. The failure to calculate the correct sales forecast ultimately led to the wrong budgeted production units and subsequent figures, e.g. budgeted material usage, budgeted material purchases, etc.

In part (b), candidates demonstrated an understanding of Zero Based Budgeting (ZBB) but only a small number of those who attempted the question knew the process or stages of implementing ZBB. This part of the question was poorly answered.

An explanation of why the use of traditional budgeting for public sector and Not-For-Profit Organizations was relatively well explained in part (c).

QUESTION TWO

The general performance on this question was poor. Only 23 of the 86 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 26.7% was recorded. The lowest mark recorded was 0 while the highest was 21.

Question Two is the second compulsory questions in Section A.

This question examined candidates on limiting factors and required candidates to advise management on: (a) the most profitable production mix;(b) to determine the net profit from the optimal mix; and, (c) to state the factors that improve the throughput accounting ratio.

Part (a) was well attempted but some candidates struggled to calculate the contribution per unit as they were including fixed costs per unit in the calculation. This affected the subsequent figures such as the contribution per unit, contribution per limiting factor, ranking, etc.

Part (b) was poorly answered as a result of failure to calculate correct quantities of product. This led to the calculating of wrong profits.

Part (c) was satisfactorily attempted by well-prepared candidates who obtained easy marks here but the majority of candidates could not answer this part and lost marks.

QUESTION THREE

The general performance on this question was very poor. None of the 27 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 1 while the highest was 9.

This question required candidates to calculate (a) selling prices using the absorption costing approach;(b) selling prices using the Activity Based Costing(ABC) approach; and (c) the breakeven sales revenue for three products in the ratio 31:52:17.

This was the least popular question.

Many students had a poor understanding of the question. Consequently the results were poor for those that attempted the question.

But traditional absorption costing and ABC systems are topics which are examined regularly. It is possible that candidates were intimidated by the information in the scenario and the requirement for break - even sales revenue for multiple products rather than for a single product.

QUESTION FOUR

The general performance on this question was poor. Only 25 of the 86 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 29.1% was recorded. The lowest mark recorded was 1 while the highest was 24.

This question required candidates to: (a) calculate materials and direct labour variances and (b) explain the differences between management accounting and financial accounting.

The students who attempted the question did very well in part (a) on variance analysis. However, in part (b), which was about the differences between management accounting and financial accounting, performance was poor as most candidates did not have a detailed understanding of the differences between the two.

QUESTION FIVE

The general performance on this question was fair. 30 of the 60 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 3 while the highest was 21.

Question Five required candidates to: (a) explain how a company would assess the credit worthiness of credit customers; (b) explain the use of Just- In-Time system in a manufacturing company; and (c) calculate the length of the inventory cycle and the total holding costs for a year.

Part (a) was well answered apart for a few candidates who were explaining debt recovery procedures instead of credit worthiness of credit customers.

In part (b), the majority of candidates generally just explained JIT in general without linking it to how a company would use it in its operations.

In part (c), poorer candidates failed to calculate the correct EOQ and as a result failed to calculate the total holding cost. The majority of candidates did not know the formula for total holding costs.

Overall performance of candidates

Highest mark obtained in this paper: 72%
Lowest mark obtained in this paper: 9%
Overall pass rate in this paper: 29.5%

SUBJECT: DA10 TAXATION

QUESTION ONE

The general performance on this question was fair. 16 of the 35 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 45.7% was recorded. The lowest mark recorded was 3 while the highest was 19.

In part (a) candidates were asked to calculate the maximum capital allowances claimable by the company on the buildings, implements, plant, and machinery. The most common mistakes made by candidates in answering this part of the question included:

i.   Forgetting to restrict the disposal proceeds to the original cost when computing the balancing charges arising on assets sold for disposal proceeds which were higher than their original cost.
ii. Using the VAT inclusive values when computing capital allowance on the assets instead of using the VAT exclusive values. Capital allowances are computed using the VAT exclusive values except for assets such as motor cars on which VAT is irrecoverable.
iii. Failing to determine the expenditure qualifying as industrial buildings when computing capital allowances on buildings.
iv. Using the wrong rates to compute the wear and tear allowances available on the buildings.

In part (b) candidates were required to calculate the tax adjusted business profit for the company. The most common challenges faced by candidates on this part of the question included:

i.   Failing to compute the correct amount of the accommodation benefit to be added back in respect of the free residential accommodation provided to the company's directors.
ii. Adding back the wrong amount of the personal to holder motor car benefit in respect of the motor cars provided to the directors on a personal to holder basis.
iii. Failure to identify the other relevant disallowable items to added back in computing taxable profit.
iv. Grossing up the investment income received by the company which was stated net of withholding in the question before deducting the income in the computation of the taxable profit.

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

i.   Including the investment income on which withholding tax is final which comprised dividends in the company income tax computation. Only investment income on

which withholding tax is not final should have been included in the computation of the final company income tax payable.

ii. Failing to deduct the discount of 2% available for listing shares from the normal company tax rate of 30% of to arrive at the rate at which company income tax was chargeable given that the company listed its shares on the Lusaka Securities Exchange during the year. The additional 5% discount available for offering at least 1/3 (33%)of the shares to indigenous Zambians was not available as this threshold was not met by the company.

QUESTION TWO

The general performance on this question was poor. Only 12 of the 35 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 34.3% was recorded. The lowest mark recorded was 1 while the highest was 18.

Part (a) required candidates to explain two advantages of the provisional tax system and was well answered by the candidates.

Part (b), which required candidates to explain any two methods apart from taxation, central government may use to raise revenue was equally well answered.

In part (c), candidates were required to explain the circumstances under which capital allowances on expenditure incurred by a person carrying on farming operations may be available at higher rates. Only a few candidates demonstrated a lack of knowledge of the circumstances and therefore failed to provide the required answers.

In part (d), candidates were required to calculate the income tax payable by the company. The following weaknesses were demonstrated by candidates who performed poorly on this part of the question:

i. Forgetting to restrict the expenditure qualifying for capital allowances on the farming dwellings to K20,000.
ii. Using the wrong rates of wear and tear allowances when computing capital allowances on the other expenditure incurred by the company qualifying for capital allowances.
iii. Using the wrong rates to compute the income tax arising. Some candidates taxed both the farming and manufacturing income using tax bands for individuals, instead of taxing the manufacturing income separately using the normal company income tax rate of 30% and the farming income separately at 10%

QUESTION THREE

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

The performance of candidates on this question which covered Value Added Tax was very poor as none of the candidates who attempted the question passed.

In part (a), candidates were required to describe the operation of the cash accounting scheme and to explain whether the taxpayer would be permitted to register under the scheme. Candidates demonstrated a lack of knowledge of the cash accounting scheme and therefore failed to provide the required responses. As a result, candidates also failed to explain three advantages and two disadvantages of the cash accounting scheme as required in part (b).

In part (c), candidates were required to calculate the VAT payable by the trader for the month. The following were the most common challenges faced by candidates on this part of the question:

i. Claiming input VAT on items on which VAT is irrecoverable such as the pool motor car and entertainment expenses.
ii. Failure to compute the correct amount of the recoverable non-attributed input VAT on the overheads.
iii. Failure to calculate input VAT on items which were stated at their VAT inclusive values.
iv. Failing to claim bad debt relief.

In part (d), most candidates failed to explain the consequences of the late payment of VAT and late submission of VAT returns as required by the question.

QUESTION FOUR

The general performance on this question was fair. 18 of the 34 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 52.9% was recorded. The lowest mark recorded was 2 while the highest was 23.

This question covered customs and excise duty and taxation of employment income.

In part (a) (i), candidates were required to calculate the total amount of import taxes paid by the taxpayer on the importation of the motor vehicle. The most common challenges faced by candidates who scored poor marks on this part of the question included:

i.   Failure to compute the correct CIF by including even costs incurred after the border, like comprehensive insurance and road tax paid in Lusaka.
ii. Using the wrong exchange rate when computing the Value for Duty purposes in Zambian Kwacha.
iii. Using the duty rates for used motor vehicles to determine the duties arising instead of using the table for new cars.

In part (a) (ii), candidates were required to explain the complete customs procedure for clearance of a motor vehicle. Candidates demonstrated a lack of knowledge of the procedure and therefore failed to provide the required responses.

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

i. Failure to count the correct amount of months the individual was in employment in the charge year in order to compute the correct salary and some allowances chargeable to income tax.
ii. Including the investment income on which withholding tax is final which comprised dividends, bank deposit interest and GRZ bond interest in the personal income tax computation.
iii. Forgetting to gross up the investment income on which withholding tax is not final which comprised copy right royalties before including the income in the relevant individual's income tax computation.
iv. Deducting the wrong amount of withholding tax on royalties from the tax liability when computing the final amount of tax payable.

QUESTION FIVE

The general performance on this question was fair. 11 of the 26 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 42% was recorded. The lowest mark recorded was 1 while the highest was 19.

This question covered ethical issues in tax practice and property transfer tax.

Part (a) (i), which required candidate to explain the meaning of integrity and confidentiality was fairly well answered. Part (a) (ii), which required candidates to explain any three (3) consequences of tax evasion was equally well answered.

In part (b) (i) candidates were required to explain how the realized value of shares and buildings are determined for the purposes of property transfer tax. Most candidates performed very well on this part of the question with the exception of a few candidates who failed to provide the required answers.

In part (b) (ii), candidates were required to explain the property transfer tax (PTT) implications arising from the capital transactions the taxpayer entered into during the year and to compute the amount of any property transfer tax arising on each transaction. The most common challenges faced by candidates who performed poorly on this part of the question included:

i. Using the wrong rates to compute the PTT arising on chargeable property.
ii. Failure to determine the correct realized value on which PTT is chargeable.

iii. Computing PTT exempt transfers which included the disposal of shares in a company listed on Lusaka Securities Exchange and on the disposal of motor vehicles.
iv. Exempting the transfer of a house to a niece from PTT. The niece is not a member of the immediate family, therefore the normal rules of determining the realized value should have been used to charge PTT.

Overall performance of candidates

Highest mark obtained in this paper: 75%
Lowest mark obtained in this paper: 19%
Overall pass rate in this paper: 48.6%

SUBJECT: DA11 PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was poor. 28 of the 74 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 37.8% was recorded. The lowest mark recorded was 0 while the highest was 20.

(a) The procedures for accuracy are those that relate to the verification of amounts reflected in the financial statements by performing audit procedures such as recalculating and reconciling the schedule that was prepared by the client. Candidates failed to demonstrate how accuracy of financial information can be achieved in relation to non-current assets. Instead, a good number of candidates worsted time on definitions of assertions such as completeness, cut-off and rights and obligations that were not even asked for.

(b) Most candidates wrongly explained the meaning of assertions instead of applying the assertions to the audit of additions to Plant and Equipment.

(c) This part of the question was poorly answered as most candidates did not even mention or suggest audit procedures for the audit of revaluation of property. Equally, good number of candidates mentioned assertions such as completeness without any connection to the revalued asset.

(d) A good number of candidates got this part of the question correct. However wrong answers indicated that auditors should write to the client and then the client responds which was not the case. Auditors should first get permission from the client before getting information from the client's bank. It seems most candidates were not sure of the procedures for obtaining confirmations.

(e) Some examples of contingent liabilities are bills of exchange. Since Impala was engaged International trade. Other examples include court claims for faulty agreements. However, most candidates lost marks as they did not understand the meaning of continent liabilities and the various examples of contingent liabilities. Other incorrect answers indicated allowance for receivables instead of contingent liabilities.

QUESTION TWO

The general performance on this question was poor. 20 of the 78 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 25.6% was recorded. The lowest mark recorded was 0 while the highest was 19.

(a) There were a lot of indicators for Prada Ltd for it to outsource internal audits. However, some candidates thought the question was about identifying internal

control weaknesses which was not the case. Instead of stating and explaining disadvantages of outsourcing, a good number of them wrote the advantages of outsourcing which was not asked for and was the exact opposite of what the question was asking for.

(b) Most candidates failed to explain factors that should be considered when determining benchmark materiality. Instead of mentioning factors such as volatility of the measure, size and complexity of the organization, they wasted time on considerations when gaining an understand of the client and its environment. This made a good number of them to lose marks.

(c) (i) A good number of candidates failed to give examples of information contained in an audit plan. Some were mentioning that names of employees and their man numbers and simply failed to mention details such as audit procedures and risks assessments, timing and tables of the audit. In addition, some wrong answers included comments on going concern and lost easy marks.

(ii) Some candidates simply stated that interim audit is the one conducted by internal auditors while final audits are conducted by external auditors which is not true. Good answers should have been provided given if candidates study the entire contents in the study manual.

(iii)Most wrong answers included Computer Audit Assisted Techniques (CAATs) instead of automated audit software which was asked for. For instance, explaining that automated working papers are cheaper to obtain and are fast and can help to arrive at an audit opinion which is not the truth.

QUESTION THREE

The general performance on this question was fair. 29 of the 64 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 45.3% was recorded. The lowest mark recorded was 0 while the highest was 19.

The following were noted:

i. A good number of candidates who attempted this question failed to state and explain ways in which the Zambia Institute of Chartered Accountants (ZICA) regulates Accountants in Zambia. Instead of explaining points such as training and licensing of practitioners, most of the them stated that ZICA is the regulatory authority without stating how that is done.

ii. (I) Candidates generally defined what corporate governance is but failed to bring in issues as explained by the Organization for Economic Co-operation and Development (OECD).

(ii) PTAN is a non-profit making organization, which some candidates failed to recognize even it was mentioned in the scenario. They failed to answer the question and went on to explain audit risks in relation to a non-profit making organization

and its components and gave text book definitions without answering the question. Marks were only available for those who were able to identify and describe audit risks under headings of inherent, control and detection risks.

iii. (ii) Candidates only managed to explain the meaning of an agreed audit procedure without explaining what this meant in relation to an audit engagement and lost fairly easy marks. Those who managed to explain as per text book and similar explanations managed to score some marks as this did not require information form the scenario. Others were able to state what an agreed up on procedure is but failed to state what type of an assurance is given in this type of an audit engagement and lost marks.

QUESTION FOUR

The general performance on this question was very good. 37 of the 58 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 63.8% was recorded. The lowest mark recorded was 0 while the highest was 23.

The following mistakes were noted:

i.   Most of wrong answers were inform of controls instead of control objectives. Others explained audit assertions which were not a requirement and others just explained what an objective in without relating it to internal controls in systems and could not get full marks as allocated.
ii. A good number of candidates were able to identify weaknesses in the payroll system and scored well on this part of the question. It has always been stated that if the question states to identify something, then the questions are right in the scenario. Unfortunately, candidates are still having a challenge in applying such common advice to similar questions to this.
iii. candidates who correctly identified and explained the weaknesses in the scenario were able to get marks for this part of the question. However, those who got this part wrong simply did not identify correct weaknesses in the scenario.
iv. Most candidates failed to relate tests of controls to the already existing internal controls in the wages and salaries system of PTAN. For one to test controls, they should first identify the control and then test it. It was difficult for those who failed to identify controls to answer this question. Other went on to define what a test of control was and did not even get a mark.
v.   Most of the marks were lost because a good number of candidates were not able to come up with proper audit procedures. An audit procedure should relate to work to be done in order to confirm and verify assertions relation to the salaries and wages system. For instance, testing accuracy of wages paid. Candidates should have picked relevant assertions and explain that auditors obtain a sample of wages paid to recalculate in order to confirm if the amounts are accurate. Failure to connect an audit procedure to a correct assertion will lead to a wrong answer.

QUESTION FIVE

The general performance on this question was good. 21 of the 37 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 56.8% was recorded. The lowest mark recorded was 4 while the highest was 21.

The following were observed:

i. Good number of candidates were unable to recall or write anything good about a management letter. Instead of focusing on information on contents of management letters as appeared in the brief scenario, they lamentably failed to pick such information and ended up just generalizing answers. Apart from failure to recognize information in the scenario, it also shows that most candidates do not study the entire syllabus and leave last topics to the end and failed to grasp the concept in detail.
ii. There were a lot of indicators of going concern in the scenario but a lot of candidates did not identify them. Others went to indicates raw information from the text book without any reference from the scenario and lost marks.

(ii) Candidates were expected to explain that the responsibility for the going concern assessment should have been that of management than that of auditors which most of them were suggesting.

i. Candidates were expected to recognize that substantive audit procedures are designed to detect material misstatements in the elements of financial statements. This was in relation to items (i) to (iv) in this part of the question. A good number failed to explain substantive procedures in relation to Plant and Machinery and the other specific areas as itemized in in the question. It was expected that candidates will apply financial statements assertions to the balances on specific areas as asked. This shows lack of appropriate examination techniques and failure to utilize material on ZICA website such as videos on examinations technique on auditing in general.

Overall performance of candidates

Highest mark obtained in this paper: 71%.
Lowest mark obtained in this paper: 0%
Overall pass rate in this paper: 56.3%

SUBJECT: D12 GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was excellent. 37 of the 44 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 84.1% was recorded. The lowest mark recorded was 5 while the highest was 24.

The question was based on Corporate Governance. It had three parts:

i. Candidates were required to give attributes of a good Chief Executive Officer. The common mistake was that most of them misunderstood what the question required and highlighted the duties of directors instead of relying on what is contained in the Companies Act No 10 of 2017 and what the question required.

ii. Majority of the candidates repeated the answers they gave in part (a) and did not answer this question adequately. This was another mistake across board. It could be that candidates never understood the topic.

iii. 90 percent of the candidates answered the question on meetings very well; it revealed that many of them had directed their mind towards this topic during their studies.

QUESTION TWO

The general performance on this question was excellent. 39 of the 44 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 88.6% was recorded. The lowest mark recorded was 0 while the highest was 23.

The question was a compulsory one made up of three parts A, B and C which were on relationship between shareholders and directors, directors' duties and importance of auditing to a company.

It was within the syllabus. No major negatives were observed as candidates answered the question accordingly.

QUESTION THREE

The general performance on this question was very good. 27 of the 41 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 65.9% was recorded. The lowest mark recorded was 8 while the highest was 18.

Question three was divided into four parts. The performance was very impressive with all candidates scoring above 10 marks. For part (a) all candidate managed give the two benefits of striking the company off the register. Those who did not well here referred to the modes of dissolution instead talking about the befits of striking off the register. Under part (b) all candidates managed to give the differences between a partnership and a sole trader's business. 50% of the candidates also managed to distinguish between affixed charge and a floating charge under part (c). The common mistake made by those who did not do well was that they seemed not have studies the topic at all hence used general knowledge. All candidates managed to give symptoms of poor corporate governance. Going forward candidates are advised to study sufficiently and read and understand the questions before they begin to answer.

QUESTION FOUR

The general performance on this question was fair.   16 of the 32 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 23.

The question had three parts

(a) Candidates tackled the question on audit committees very well. Revealed a good understanding of it.
(b) Separate legal personality was also tackled very well.
(c) This question seemed somewhat confusing to candidates. a number of them didn't answer this one adequately.

QUESTION FIVE

The general performance on this question was fair. 8 of the 15 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 53% was recorded. The lowest mark recorded was 1 while the highest was 20.

Question 5 was also well attempted by candidates. Under part (a) the candidates struggled to give the correct answer, hence got low scores between 1 and 5. The candidates seemed not to be very familiar with ways through which the articles can be made unalterable. For part (b) all candidates got above 12 marks which helped them score good marks. Going forward candidates are encouraged to spend more time studying topics which are technical such as alteration of articles.

Overall performance of candidates

Highest mark obtained in this paper: 78%
Lowest mark obtained in this paper: 38%
Overall pass rate in this paper: 86.4%