



JUNE 2023 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN ACCOUNTANCY

SUBJECT: DA 1 – FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was very good. Of the 165 that attempted the question, 114 managed to obtain at least 10 out of the available 20 marks. A pass rate of 69.1% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This was a compulsory question with ten parts.

QUESTION TWO

The general performance on the question was excellent. Of the 164 that attempted the question, 147 managed to obtain at least 10 out of the available 20 marks. A pass rate of 89.6% 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 for a sole trader. This part was well answered.

Part "b" required candidates to prepare a statement of financial position for a sole trader. This part was well answered.

Part "c" required candidates to list two (2) disadvantages of operating as a partnership rather than as a sole trader. Many candidates did not attempt this part of the question.

QUESTION THREE

The general performance on the question was very poor. Of the 63 that attempted the question, only 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 6.3% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This was a theory question. Candidates are encouraged to cover the whole syllabus and make efforts of understanding the theory aspect of the syllabus.

QUESTION FOUR

The general performance on the question was excellent. Of the 162 that attempted the question, 144 managed to obtain at least 10 out of the available 20 marks. A pass rate of 88.9% was recorded. The highest score was 18 while the lowest was 2 out of 20.

Part "a" required candidates to prepare a statement of Profit or Loss for a partnership business. Generally this part was well done although some candidates included Partners' drawing figures in this part.

Part "b" required candidates to prepare a Partnership statement of Financial Position.

This part was well answered.

QUESTION FIVE

The general performance on the question was poor. Of the 136 that attempted the question, only 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 17.6% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (i) required candidates to explain five (5) benefit of preparing control accounts. Very few candidates attempted this part and gave poor answers. Candidates are encouraged to pay attention to the theory aspect of the syllabus.

Part (ii) required candidates to prepare a corrected payables ledger control account from the given errors. The candidates failed to correct the control account due to lack of knowledge on double entry.

Part (iii) required candidates to explain the given errors affecting individual suppliers' accounts. Candidates failed to explain again because of the double entry knowledge lacking.

Part (iv) required candidates to prepare a reconciliation statement for the individual balances with corrected control account balance. Poor answers were given.

QUESTION SIX

The general performance on the question was poor. Of the 121 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 2.5% was recorded. The highest score was 11 while the lowest was 0 out of 20.

Part "a" required candidates to prepare a motor vehicles account at cost for two years. Candidates failed to follow instruction on two years, i.e. only prepared for one year.

Part "b" required candidates to prepare an allowance for depreciation on motor vehicles account for two years. Candidates failed to calculate the depreciation expenses figures, failed to observe the company policy on which motor vehicles were to be depreciated in each year and wrong entries were made in the allowance for depreciation Account.

Part "c" required candidates to prepare motor vehicles disposal Account. Candidates failed to calculate the Loss and Profit on disposal.

Overall performance of candidates

Highest mark obtained in this paper: 75%

Lowest mark obtained in this paper: 8%

Overall pass rate in this paper: 57.3%

SUBJECT: DA 2 - QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was very good. Of the 89 that attempted the question, 58 managed to obtain at least 10 out of the available 20 marks. A pass rate of 65.2% was recorded. The highest score was 18 while the lowest was 2 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 compound interest, random values and probability distribution. The performance was very good as most candidates were able to provide correct solutions. For candidates who could not perform well, it was observed multiple choice questions that required calculations were the tougher questions. It is therefore suggested that candidates should familiarize themselves with short mathematical and statistical calculation in order to improve on performance in this section of the examination

QUESTION TWO

The general performance on the question was good. Of the 30 that attempted the question, 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 60% was recorded. The highest score was 17 while the lowest was 1 out of 20.

The first part of the question required candidates to use the given payoff table to choose best strategy using the Laplace criterion, Maximax and EMV method. Most candidates could not get maximum marks. It was observed that candidates used correctly the Maximax and Laplace criterion but struggled to apply the EMV.

The second question required candidates to use the linear programming method to find maximum profit of the scenario that was given. The general performance on this question was good. Few candidates could not solve the question correctly due to use of wrong inequalities.

QUESTION THREE

The general performance on the question was excellent. Of the 84 that attempted the question, 71 managed to obtain at least 10 out of the available 20 marks. A pass rate of 84.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question required candidates to use the method of least square regression to plot the scatter plot, the coefficient of correlation, and also to find the regression line and 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.

QUESTION FOUR

The general performance on the question was fair. Of the 87 that attempted the question, 43 managed to obtain at least 10 out of the available 20 marks. A pass rate of 49.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was in two parts. The first part required candidates to use grouped data to calculate the mean, median and standard deviation. The general performance on this question was good despite computation errors arising from wrong total tabulation for mean and standard deviation calculation.

The second part required candidates to use the method of compound interest to find the time taken for an investment to grow to the given amount. Candidates performed well on this part though a few were not able to correctly use the laws of logarithms to solve the question correctly.

QUESTION FIVE

The general performance on the question was poor. Of the 62 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 9.7% was recorded. The highest score was 14 while the lowest was 0 out of 20.

The question had four parts. The first part required the candidates to use ungrouped data to construct the frequency table, locate the mode and find the range. Majority of candidates failed the construction of frequency table but were able to find the mode and the range.

The second part required candidates to use the binomial distribution to find the probabilities and find the mean and standard deviation. The majority of candidates failed due to use of wrong formula and use of wrong concepts such as the poisson distribution.

The third part was an application of the normal distribution probability to find the actual value of the random variable x . there was a general poor performance on this part due to lack of knowledge on use of the normal distribution formulae.

The last part required candidates to use annuities formula to calculate the amount of instalments needed to be paid. The general performance was bad due to use of wrong formulas.

QUESTION SIX

The general performance on the question was fair. Of the 86 that attempted the question, 40 managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The first part of the question required candidates to construct a pie chart from given data. There was a general good performance on this question. The second part of the question required candidates to use given probability question to find expected value and standard deviation. There was an observed good performance on this question. Few candidates who failed were using wrong formulas to find expected value and standard deviation.

Overall performance of candidates

Highest mark obtained in this paper: 89%

Lowest mark obtained in this paper: 9%

Overall pass rate in this paper: 50.6%

SUBJECT: DA 3 - BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was fair. Of the 103 that attempted the question, 44 managed to obtain at least 10 out of the available 20 marks. A pass rate of 42.7% was recorded. The highest score was 18 while the lowest was 2 out of 20.

One rare mistake though, is that candidates wasted time by copying the full chosen option instead of just writing the letter as A or B or C or D.

QUESTION TWO

The general performance on the question was very good. Of the 88 that attempted the question, 73 managed to obtain at least 10 out of the available 20 marks. A pass rate of 83% was recorded. The highest score was 20 while the lowest was 1 out of 20.

This was an optional question attempted under Microeconomics. Notwithstanding the above, the common mistakes made are as follows:

- (i) Some students defined fixed costs instead of giving the figure as required. Candidates are urged to pay particular attention to command word for each question.
- (ii) Though performance was very good, many candidates failed to calculate Marginal Cost values correctly. This because they missed the fact that change in output was not 1 hence there was need to use correctly $MC = \text{Change in Total Cost} / \text{Change in Quantity}$. Still others, interchanged the answers for Marginal Cost and Variable Cost
- (iii) Majority of the candidates performed poorly on this part question. Scarcity as a basic economic problem should be an anthem by any Economics student.
- (iv) Performance was fair. However, some candidates seemed lost. State ownership of the means of production is the same as the planned or command economic system.

QUESTION THREE

The general performance on the question was good. Of the 64 that attempted the question, 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 53.1% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The following are the common mistakes made by candidates.

- (i) Poor definition of inferior good as used in Economics. by not attaching time. Many candidates wrote that an inferior good is a good of poor quality. This is totally wrong. Economics has its own language that candidates are encouraged to learn.
- (ii) Notable mistake was to include the price of the good as a demand shifter. Change in the price of a good doesn't shift the curve but leads to movement along a curve. Further some candidates seemed to confuse factors that shift the demand curve with those that shift the supply curve. Candidates must be clear on this. Lastly, no-economic answers were given by some. Remember, whatever product is

mentioned in the question, the final answer relates to factors affecting demand in general.

- (iii) Few candidates were able to answer this correctly. Some candidates presented answers to do with the manager knowing whether he/she is selling substitutes and complementary goods (Cross elasticity of demand) or normal and inferior good (Income elasticity of demand). The question was on price elasticity of demand.
- (iv) Many candidates got this one correct albeit non-economic answers. Some wrongly related it to production when is a sales tax!

QUESTION FOUR

The general performance on the question was excellent. Of the 56 that attempted the question, 51 managed to obtain at least 10 out of the available 20 marks. A pass rate of 91.1% was recorded. The highest score was 19 while the lowest was 5 out of 20.

This was another optional question on Microeconomics. This is a popular question based on Market Structures.

- (i) Many candidates were able to outline the four characteristics of Perfect Competition. However, a few presented those of monopoly.
- (ii) Common mistake was failing to understand the effect of freedom of entry and exist in this market structure.
- (iii) This was poorly done by many candidates. The reason is that price is given, that is each firm is a price taker and face a perfectly elastic demand curve,
- (iv) Many candidates stated that government intervention is needed which is wrong. The question deals with economic efficiency and Perfect Competition is efficient.

QUESTION FIVE

The general performance on the question was poor. Of the 45 that attempted the question, only 15 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.

This was another optional question under Macroeconomics. Some common mistakes however included:

- (i) Failure to distinguish between an Open Economy and a Closed Economy. A Closed economy does not engage in international Trade.
- (ii) Candidates who could not write the formula in (a) failed this one too.
- (iii) Majority of the candidates answered this one correctly, though some extended the circular Flow to include imports and exports!
- (iv) This was largely incorrectly answered as many candidates failed to write the equations let alone distinguish between Net Domestic Product at Factor cost and Net National Product.
- (v) Nearly all candidates failed to state the three types of Central Bank Independence. This in the ZiCA Manual. This indicates selective studying (question spotting) is must be discouraged at all costs.

QUESTION SIX

The general performance on the question was poor. Of the 85 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 32.9% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This another optional question on Macroeconomics. The common mistakes spotted include:

(a) From the scenario:

- (i) Failure to define inflation correctly. However, many defined it as 'too much money chasing too few goods' and full credit was given.
- (ii) No candidate was able to show correctly how inflation is measured. This is a basic question in this topic. Many candidates stated that inflation is measured using fiscal policy and monetary policy! It measured using the Consumer Price Index (CPI)
- (iii) Many candidates were totally off. Demand-pull inflation occurs when aggregate demand is greater the aggregate supply, and its use is clearly given in the scenario

(b) (i) and (ii) were fairly answered. However, some candidates interchanged the examples while others gave no specific examples of the taxes. Others failed to distinguish the two sets of taxes completely.

QUESTION SEVEN

The general performance on the question was poor. Of the 74 that attempted the question, only 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.1% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This another optional question on Macroeconomics. The common mistakes spotted include:

(a) From the scenario:

- (i) Many candidates failed to explain the roles of the foreign exchange market. Strangely, some candidates explained Balance of Payments not required in the question. Noteworthy is that a foreign exchange market is a market for buying and selling foreign currencies. From here related roles can be outlined.
- (ii) Candidate were able to define fixed exchange rate system and floating exchange rate regime but no further than that. To obtain the full allocated marks, more was required.

(b) Some candidates were mixing factors that affect aggregate supply with those affecting aggregate demand (consumption)! This should not be the case for a candidate who has studied the entire syllabus.

Overall performance of candidates

Highest mark obtained in this paper: 76%

Lowest mark obtained in this paper: 17%

Overall pass rate in this paper: 56.3%

SUBJECT: DA4 – INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was very good. Of the 118 that attempted the question, 88 managed to obtain at least 10 out of the available 20 marks. A pass rate of 74.6% was recorded. The highest score was 20 while the lowest was 4 out of 20.

This question was multiple-choice. This was a compulsory question and all candidates answered the question.

QUESTION TWO

The general performance on the question was poor. Of the 83 that attempted the question, only 31 managed to obtain at least 10 out of the available 20 marks. A pass rate of 37.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was about explaining intellectual property as regards to downloading internet resources, the ways accountants could make use of social media in their area of work and discussing the threats to information security.

The common mistakes were as follows:

- (i) Most students most students did not understand what was expected of them to explain intellectual property regarding downloading internet resources
- (ii) Most students did not understand the threats to information security regarding social engineering and eavesdroppers and how they could be dealt with

QUESTION THREE

The general performance on the question was fair. Of the 91 that attempted the question, 42 managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.2% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question was about the use of spread sheets by accountants in their day to day work during calculations of financial data and benefits of an Enterprise Resource Planning (ERP) System to business operations.

The following were the common mistakes noted in this question:

- (i) Some students were not writing the = sign symbol when writing the excel formula.
- (ii) Some students were doing the actual financial calculation using the figures that were given in the spreadsheet.
- (iii) Most students did not understand what ERP systems are and the benefits it has to the business operations.

QUESTION FOUR

The general performance on the question was very poor. Of the 61 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 9.8% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was about explaining the common types of servers that can be used in a computer network and explaining a data dictionary stating its use.

The following were the common mistakes noted in this question:

- (i) Most students misunderstood the scenario and did not give the correct types of servers used in a computer network.
- (ii) Most students were stating the architecture/model network, instead of the type of server that can be used.
- (iii) Some students were explaining search engines and browsers instead of servers.

QUESTION FIVE

The general performance on the question was excellent. Of the 83 that attempted the question, 76 managed to obtain at least 10 out of the available 20 marks. A pass rate of 91.6% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question was about letter writing and outlining things you can do to have a good PowerPoint presentation.

The following were the common mistakes noted in this question:

- (a) Wrong addresses or no addresses at all.
 - (i) Indicating two dates on the same document.
 - (ii) Wrong Subject line.
 - (iii) Mismatching of the letter elements.
 - (iv) Failure to connect ideas to the scenario provided in the question.
 - (v) Illogical presentation of ideas.
 - (vi) Omission of the subline.
- (b) Inadequate answers.
 - (i) Wrong content.
 - (ii) Omitting this part of the question.

QUESTION SIX

The general performance on the question was very good. Of the 58 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 65.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was about explaining the common types of servers that can be used in a computer network and explaining the benefits of conducting virtual meeting and things you can do to have a good PowerPoint presentation

The following were the common mistakes noted in this question:

- (i) Wrong content was included as part of the responses'
- (ii) Barriers to communication were included which was not supposed to be the case.
- (iii) some candidates indicated visual aids for an oral presentation, while other included factors to be considered during the delivery of an oral presentation.

QUESTION SEVEN

The general performance on the question was very good. Of the 95 that attempted the question, 72 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.8% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was about stating the types of questions that are commonly used in business activities and writing a memo highlighting reasons questioning skills are important.

The following were the common mistakes noted in this question:

Some candidates indicated actual questions including common questions such as back ground information of a candidate attending an interview instead of types of questions.

- (i) The importance of questioning skill was omitted in the main body of a memo.
- (ii) Some candidates included types of questions as part of the message in the main body which was not supposed to be the case.
- (iii) Wrong layout of memos was used such as letters and reports.
- (iv) Generally wrong content, unrelated to what the question required candidates to do.

Overall performance of candidates

Highest mark obtained in this paper: 88%

Lowest mark obtained in this paper: 9%

Overall pass rate in this paper: 54.2%

SUBJECT: DA 5 - COST ACCOUNTING

QUESTION ONE

The general performance on the question was fair. Of the 101 that attempted the question, only 40 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 2 out of 20.

This is a compulsory question of multiple choice questions. All the candidates attempted the question.

QUESTION TWO

The general performance on the question was very poor. Of the 66 that attempted the question, only 12 managed to obtain at least 10 out of the available 20 marks. A pass rate of 18.2% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question examined Job costing and costing terminology.

Part (a) of this question was on a job accounts. Very few candidates were able to come up with the job accounts. However, not all the entries were recorded where they were supposed to be recorded. Consequently, marks were lost.

Part (b) of this question required candidates to come up with summarized Job cards and profit for each job. This part was not attempted by many candidates as they left this part blank. Candidates who tried to attempt did not know what to write.

Part (c) of this question required candidates to explain the terms 'historic cost' and 'economic value'. Candidates were expected to take advantage of these marks but unfortunately only few candidates were able to define these terms correctly.

QUESTION THREE

The general performance on the question was poor. Of the 86 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 24.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question examined materials costing. In part (a) candidates were required to calculate the inventory re-order level, the minimum inventory level, the Economic Order Quantity (EOQ) and the maximum inventory level while in Part (b) they were required to state the assumptions of the EOQ theory.

However, the common mistakes in the calculations in part (a) were the application of weekly usages and weekly averages instead of the daily ones.

In part (b), many candidates did not know the assumptions on which the Economic Order Quantity (EOQ) theory is based on.

QUESTION FOUR

The general performance on the question was very poor. Of the 42 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 4.8% was recorded. The highest score was 12 while the lowest was 0 out of 20.

It is surprising how candidates failed to apply the knowledge of double entry system to pass entries to operating accounts. Clearly, candidates have very poor understanding of a vital topic such as this one. Very low marks were scored here.

QUESTION FIVE

The general performance on the question was poor. Of the 78 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 29.5% was recorded. The highest score was 17 while the lowest was 0 out of 20.

This question examined the following:

The calculation of cost per unit using absorption costing and Activity Based Costing(ABC) in part (a); in part (b), the description of reasons why the over and under absorption of overheads occur and in part(c), the explanation of features of traditional absorption costing.

Common mistakes:

In part (a):

- (i) Most candidates did not calculate the Overhead Absorption Rate (OAR) per hour. Those who calculated the OAR correctly did not apply it to calculate the overhead cost for each batch, thereby losing easy marks.
- (ii) On ABC common mistakes were failing to add overhead costs obtained using cost drivers to the prime costs. This resulted in wrong product costs per unit.
- (iii) Using total overhead costs as total batch costs to calculate the unit costs; thereby obtaining wrong unit costs per product.

In part (b) candidates did not give the precise reasons for over or under absorption of overheads.

In part (c) some candidates defined absorption costing instead of giving features such as (i) it uses budgeted overhead absorption rates, (ii) it is common to have over or under absorption and, (iii) both fixed and variable manufacturing costs are assigned to products.

QUESTION SIX

The general performance on the question was very good. Of the 96 that attempted the question, 66 managed to obtain at least 10 out of the available 20 marks. A pass rate of 68.8% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question examined variance analysis, reasons for variances and types of performance standards.

Part (a) was well answered by most candidates. Candidates demonstrated their knowledge of variance analysis.

Part (b) was poorly answered by most candidates.

Common mistakes included: most candidates gave the definitions of the variances instead of reasons for material and labour variances

Part (c) was generally well answered by most candidates. However, a few candidates explained just one type while others explained three. This is despite the question asking for only two. The performance standards are ideal, basic, current and attainable standards. Candidates were expected to explain any two standards.

Overall performance of candidates

Highest mark obtained in this paper: 73%

Lowest mark obtained in this paper: 11%

Overall pass rate in this paper: 23.8%

SUBJECT: DA 6 – BUSINESS LAW

QUESTION ONE

The general performance on the question was excellent. Of the 107 that attempted the question, 102 managed to obtain at least 10 out of the available 20 marks. A pass rate of 95.3% was recorded. The highest score was 20 while the lowest was 6 out of 20.

This question was a compulsory multiple choice question.

QUESTION TWO

The general performance on the question was excellent. Of the 105 that attempted the question, 98 managed to obtain at least 10 out of the available 20 marks. A pass rate of 93.3% was recorded. The highest score was 20 while the lowest was 7 out of 20.

- (a) The question was centered on the liability of an independent contractor. Students were expected to demonstrate their understanding of the subject matter. This question was attempted roughly by all students. Most of them got the answer correctly. This is an indication that students understood the question and also understood the topic. Future students are encouraged to read to understand the topic bordering on contract of service and contract for services. They also must demonstrated their understanding of the differences underpinning the same.
- (b) The question was a buildup on the one above. Candidates were expected to demonstrate their understanding of the differences between an employee and independent contractor. Most of them got the answer correct. This is an indication that students understood the question and also understood the topic. Future students are encouraged to read to understand the topic bordering on employment law as this area is highly examinable.
- (c) This question focused on the differences between criminal law and civil law. Most candidates got this question correctly, a sign that they understand the topic in detail. Future students are encouraged to read to understand the topics in full.
- (d) This question focused on law and justice. It required students to exhibit knowledge of the differences on the two. Most candidates who answered this question performed quite well. This is an indication that the candidates are somehow quite familiar with this topic. Future candidates are encouraged to study the topic in full.

QUESTION THREE

The general performance on the question was very good. Of the 100 that attempted the question, 81 managed to obtain at least 10 out of the available 20 marks. A pass rate of 81% was recorded. The highest score was 18 while the lowest was 5 out of 20.

This was a three-part question. The first part was a situational question on partnership and it required the students to identify the remedies entitled to the unconsented partner. Future students need to be taught how to answer situational question especially the evaluation. The second part required them to discuss the doctrine of

consideration. The last part required the students to identify 4 ways of dissolving a partnership agreement.

QUESTION FOUR

The general performance on the question was good. Of the 40 that attempted the question, 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 60% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was on sale of goods and well attempted by candidates.

- (a) This question was based on sale by description. Those candidates who didn't do well went into Tor of negligence instead of sale by description.
- (b) This question was on transfer of property. Candidates were able to respond as requested. In future candidates should pay attention to the dictates of the question.

QUESTION FIVE

The general performance on the question was very good. Of the 96 that attempted the question, 68 managed to obtain at least 10 out of the available 20 marks. A pass rate of 70.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Very few candidates attempted his question.

- (a) Most candidates did not manage to identify the legal issue as well cite the case law. Most of the candidates who did not do well displayed ignorance about the legal issue which is negligence and were also not able to refer to a decided case.
- (b) Under this part the performance was okay, but with a number of candidates failing to identify the topic under which this topic falls. Those who did not do well were referring to employment law.

Going forward students must read and understand the question before answering.

QUESTION SIX

The general performance on the question was very good. Of the 83 that attempted the question, 64 managed to obtain at least 10 out of the available 20 marks. A pass rate of 77.1% was recorded. The highest score was 17 while the lowest was 3 out of 20.

- (a) This question focused on how agency relationship is created under commercial. Students were expected to demonstrate understanding of the same. Most students managed to get the correct answers but others exhibited total ignorance. This cost candidate's valuable marks. Future candidates are implored to read questions and understand them before attempting any question.
- (b) This question was based on the law of agency. Candidates were expected to deal with the duties of the principal to the agent and vice versa and equally show their knowledge on the same. Students exhibited great knowledge of the same in this examination session. Future students are advised to revise the topic and appreciate

all its incidents. The ZICA manual is adequate for this topic 85 % of candidates got the question correct.

- (c) The question also focused on agency. Most students did not know the principle in this case. Future students are advised to revise the topic and appreciate all its incidents. The ZICA manual is adequate for this topic 85 % of candidates got the question correct.

Overall performance of candidates

Highest mark obtained in this paper: 86%

Lowest mark obtained in this paper: 24%

Overall pass rate in this paper: 93.5%

SUBJECT: DA 7 - PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was excellent. Of the 128 that attempted the question, 123 managed to obtain at least 10 out of the available 20 marks. A pass rate of 96.1% was recorded. The highest score was 18 while the lowest was 6 out of 20.

This was a compulsory section with ten (10) multiple choice question that covered the syllabus and expected to be answered by all candidates.

QUESTION TWO

The general performance on the question was fair. Of the 95 that attempted the question, 47 managed to obtain at least 10 out of the available 20 marks. A pass rate of 49.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was in three parts, (a), (b) and (c). Parts (a) and (b) were examining the candidates in the areas of human resources while part (c) was about the management concepts. There were good well-structured answers for a good number of candidates. The question was well set for average students.

It was well answered by nearly all candidates.

QUESTION THREE

The general performance on the question was very good. Of the 83 that attempted the question, 65 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was in two parts, (a) and (b).

- (a) This part of the question asked the candidates to draw the diagram proposed by Henry Mintzberg of the Five (5) "building blocks". It must be reported that it was well answered by candidates were able to recall in their drawings showing the:
- (i) Strategic Apex
 - (ii) Techno Structure
 - (iii) Middle Core
 - (iv) Support staff
 - (v) Operating Core
- (b) This part requested them to identify and briefly explain four (4) decision roles suggested by Mintzberg that included:
- (i) Entrepreneurial role
 - (ii) Disturbance handler
 - (iii) Resource allocator
 - (iv) Negotiator

(c) This last part was to define the decentralized decision structure and was well done by most candidates

The question was well done by most candidates who made an attempt and the following was the performance:

QUESTION FOUR

The general performance on the question was very good. Of the 117 that attempted the question, 96 managed to obtain at least 10 out of the available 20 marks. A pass rate of 82.1% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question had three parts (a), and (b). Most candidates who attempted this question generally did well in all the two parts.

(a) Candidates were being requested to show a well labelled drawing of a functional organisation structure and state two advantages in this first part. The question was fair to most candidates and those who dropped marks was due to their less focus on their studies and concentration.

(b) In this part, candidates were requested to explain how to use the PESTEL tool for analysing the business environment.

Most candidates could not get full marks because they were only defining the components of PESTEL without explaining how to use it in business environment analysis.

QUESTION FIVE

The general performance on the question was very good. Of the 86 that attempted the question, 62 managed to obtain at least 10 out of the available 20 marks. A pass rate of 72.1% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was in three parts, (a), (b) and (c) and was attempted by the large number of candidates.

(a) Most candidates gave correct answers

(b) Even on this part candidates did very well.

(c) This section was equally done well

The performance of candidates on this question well above average as indicated by results below.

QUESTION SIX

The general performance on the question was very good. Of the 43 that attempted the question, 32 managed to obtain at least 10 out of the available 20 marks. A pass

rate of 74.4% was recorded. The highest score was 20 while the lowest was 5 out of 20.

The question could be said to be fair as shown in the results below:

- (a) Most of the candidate gave good and correct answers.
- (b) The answers given out by candidates were correct and in line with what was required.
- (c) On this part most of candidates failed to define authority

Overall performance of candidates

Highest mark obtained in this paper: 85%

Lowest mark obtained in this paper: 6%

Overall pass rate in this paper: 79.8%

SUBJECT: DA 8 - FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was very good. 127 of the 170 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 74.7% was recorded. The lowest mark recorded was 0 while the highest was 25.

This was a compulsory question that required the candidates to prepare the consolidated statement of financial position for Pineapple group. Overall, this question was very well attempted probably because is a predictable question for section A. Most of the candidates were able to correctly perform required calculations except few with the following challenges:

- (i) Inability to recognize the gain on financial asset in group retained earnings and subsequently showing financial asst at its fair value at the start of the year unlike at its fair value at the reporting date. This was despite calculating the gain in the workings. Future candidates are reminded to familiarize adequately with extraction of their answers from workings.
- (ii) On goodwill computation, it was disappointing to note that a significant minority of candidates could not correctly calculate share exchange part of consideration. This was because they opted to use total shares in issue at subsidiary instead of using acquired shares only.
- (iii) Most candidates were confused on impairment loss of goodwill, the amount of impairment loss of investment in associate was instead being used for impairment loss of goodwill. They did not score any marks for such type of misplacement of amount. Impairment loss of goodwill should have been 10% of the calculated goodwill. Those that applied the principle despite their calculated goodwill being incorrect were awarded the marks.
- (iv) Though both subsidiary and associate were acquired at the beginning of an accounting period, a reasonable number of candidates had challenges extracting correctly the pre-acquisition retained earnings and hence the post-acquisition retained earnings. The pre-acquisition retained earnings were basically the 31 March 2022 profits and the post-acquisition were basically the profits for the year. Because of this error, the amounts shared between the group and non-controlling interest were incorrect for majority of candidates.
- (v) Future candidates are reminded to read through examiners' report and learn about common mistakes by past candidates.
- (vi) Failure to show any workings disadvantaged a few candidates that failed on this question.
- (vii) There were also a good number of candidates who could not correctly adjust for the cash in transit and the ultimate cancellation of intercompany balances. It appears that the cash in transit is a grey area for most candidates and so future candidates are reminded to pay particular attention to this common adjustment in consolidation.
- (viii) Some candidates could not calculate accurately the share-for-share exchange values, and or/credit the parent's share capital and share premium on the statement of financial position. This is a very common mistake year on year by DA8 candidates to know the calculation of share for share exchange consideration,

but not to include the associated values to other components of equity (otherwise here called share premium). Future candidates are reminded to pay particular attention to a statement that borders on whether the consideration would have been recorded or not in the parent's separate financial statements. If 'not recorded', then the parent's financial statements require adjustment to record this at same time normal consolidation procedure to be followed.

QUESTION TWO

The general performance on this question was very poor. Only 11 of the 122 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 9% was recorded. The lowest mark recorded was 0 while the highest was 16.

This was a compulsory question that required the candidates to prepare a schedule of corrected profit or loss, corrected statement of financial position and explanation of accounting treatment of accounting policy, accounting estimates and errors.

It was observed that many candidates performed so poorly as indicated by the failure rate above. The following were the major challenges:

- (i) most candidates expressed total ignorance on accounting treatment of change in accounting policy, change in accounting estimate and prior period error. Only a handful of candidates could provide the correct answer. A small proportion of candidates left this part blank with no attempt whatsoever.
- (ii) The part (b) that required recalculation of profit was totally mishandled by majority candidates who proceeded preparing full statement of profit or loss generating strange figures for the statement of profit or loss. This was even though the profit for the year had already been given in the question. A few that started correctly had a challenge to correctly derive amounts for adjustment of profit calculated and adversely missed out.
- (iii) It appeared the adjusting notes were a total hustle for the candidates at this sitting as hardly did anyone arrive at meaningful adjusting amounts.
- (iv) A reasonable number of candidates did not dare put any statement to recalculate profit into its context. They skipped the part.
- (ix) Candidates hardly calculated the finance cost figure correctly, with most of them applying effective interest on the redemption value of loan. Future candidates are reminded to apply the effective interest rate on fair value of proceeds to correctly calculate the finance cost for profit and loss.
- (x) Majority of candidates failed to appreciate the fact that part of the fraud involving receivables needed to be charged to profit or loss and part to retained earnings brought forward from previous year. The common treatment was to charge everything to profit or loss for those that managed to do profit recalculation.
- (xi) Some candidates had challenges in computing the correct depreciation charges for both buildings and plant and equipment. They failed to appreciate the fact that revaluation took place at each year end hence depreciation needed to be, revalued amount spread over the remaining years. Different candidates had different ways of committing the error here including depreciating the value of both land and buildings. The few candidates that managed to compute revaluation surplus were unable to compute and correctly amount for the associated deferred tax. This

further made it difficult for many of the candidates to get the tax figures correctly computed especially for the statement of profit or loss.

- (xii) The above items carried marks for both part (b), the calculation of the corrected profit for the year and in part (c), the corrected statement of financial position.
- (xiii) Very few candidates managed to get the correct figures for the inventory. A lot of misunderstanding of note (i) and (ii) was observed to an extent both the profit and loss revenue/cost of sales and statement of financial position inventory and receivables could not be correctly adjusted for by the great majority of candidates. A lot of marks were lost as a result.

QUESTION THREE

The general performance on this question was fair. 71 of the 158 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 44.9% was recorded. The lowest mark recorded was 1 while the highest was 25.

The question had two parts (a) and (b). Part (a) required candidates to prepare statement of cash flows and part (b) required candidates to explain the importance of the ratios listed to the business.

The following were the major challenges portrayed by candidates from part (a):

- (i) The calculation of the dividend paid was a challenge for a good number of the candidates.
- (ii) The profit figure that was to be used seemed to have been a challenge for some of the candidates as they kept bringing the profit for the year which was a K8000 as the profit without making any adjustment for the interest and tax.
- (iii) Lack of understanding of the treatment of the working capital movement. Some candidates were not able to apply brackets correctly.
- (iv) The presentation format for the statement of cash flows was a challenge for some candidates. For example, some candidates were bringing the acquisition of PPE figure to be adjusted under operating activities and other items misplaced heading wise.

Part (b) of the question was a challenge to most of the candidates as they did not understand the question requirement.

- (i) The question was asking for the importance of the ratios most of the candidates were calculating the ratios unlike explaining their importance. While a certain proportion of candidates were able to explain the meaning of the ratio, they could however not articulate on anything to do with importance of the ratios to management and the shareholders, hence losing out on full marks.

Part (b) of this question was generally poorly attempted as the majority candidates could not even bother write anything. Future candidates are reminded to always pay particular attention to theory parts of each topic as they prepare for this exam.

QUESTION FOUR

The general performance on this question was very poor. Only 2 of the 48 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 4.2% was recorded. The lowest mark recorded was 0 while the highest was 15.

This question had numerous parts (a) (i),(ii),(iii), (iv); (b) (i), (ii), (iii) and (c). The questions mainly covered *IFRS 8 operating segments, IAS 41 Agriculture and IAS 10 Events After The Reporting Period*.

Part (a) of the question required candidates to define an operating segment in line with IFRS8, and state the conditions upon which segments may be combined when reporting. The question also required to discuss the appropriateness or otherwise of combining train operations segments, apply the theory to highlight the effect of the combination on investors. They were also required to recommend the basis upon which common costs would be allocated to segments.

Part (b) of the question required candidates to define biological assets, bearer assets and agricultural produce. The question also required candidates to state the measurement basis for agricultural produce to be used in recognizing the items in the financial statement at the rear ends.

Part (c) of the question required candidates to explain what adjusting events and non-adjusting events are according to IAS 10.

- (i) This question was the least attempted of all the questions. From the candidates that attempted most of them were not able to explain what the operating segment is.
- (ii) Outlining the conditions that are required for the segments to be combined was a challenge as most of the candidates could not outline them.
- (iii) Most of the candidates were not able to discuss the appropriateness of the combination.
- (iv) The allocation of common costs was a challenge as most candidates were not able to explain how the common costs are supposed to be allocated.
- (v) On a positive note, most candidates that attempted this question were able to explain what biological assets, agricultural produce, bearer biological and consumable assets were and appropriate examples were provided. A handful of candidates could not provide these basic definitions. The greater majority had challenges mainly on the measurement criteria as they were giving answers on the measurement of assets under IAS 16. For example, that its probable that economic benefits will flow to the entity, and reliable measure would be ascertained.
- (vi) Candidates that attempted part (c) of this question showed lack of knowledge of what adjusting and non-adjusting events were. Most of them gave answers by explaining accounting treatment unlike by description.
- (vii) Future candidates are encouraged to have a full understanding of this standard and it has become a regular feature of the DA8 exam.

QUESTION FIVE

The general performance on this question was very poor. Only 7 of the 122 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 5.7% was recorded. The lowest mark recorded was 0 while the highest was 21.

- (i) Parts (a) (i) and (ii) of the he questions required candidates to explain fundamental qualitative characteristics of useful financial information, and what timeliness and comparability meant. Answers to this part of the question were reasonably well done. Some candidates included 'reliability' instead of 'faithful representation' as a fundamental qualitative characteristic, a sign that they were not aware of the 2018 revision of the IASBs Conceptual Framework for Preparation of Financial Statements.
- (ii) Part (iii) of the question required candidates to explain the how current value accounting overcomes problems of historical cost accounting. And part iv) of the question required candidates to outline the progress made toward international harmonization and implementation of IFRSs.
- (iii) Solutions to parts (iii) merely stated disadvantages of HCA instead of how CVA overcomes them and solutions to part (iv) of the question were too general, and lacked the credence of research into understanding current affairs by candidates. Candidates have not been following recent developments concerning financial reporting in line with IFRSs.
- (iv) Part (b) of the question required candidates to outline measures of performance of public sector organizations, applying it to a public hospital. Majority of candidates provided explanations which did not reflect basic standard ratios for performance measurement. The answers were too general and often away from measuring performance. This is a reflection of candidates' inability to understand issues logically and accurately.
- (v) Part (c) of the question required candidates to account for a transaction on credit and denominated in foreign currency (the South African Rand). They were also required to state the amounts that would be reported in the financial statements at the end of the period. A good number of candidate correctly converted the sales value into kwacha from South African Rand but failed to do the same at the end of the period as they could not tell which accounts would be reported for the transaction. Some candidates calculated the exchange difference of K8000 but wrongly classified it as an exchange loss, and could not state where in the financial statement this amount would be reported.
- (vi) Part d) of the question required candidates to state the criteria for capitalizing development costs according to IAS 38. A number of candidates who attempted this part of the question carelessly stated the 5 steps in revenue recognition mentioned in IFRS15 instead of remembering the mnemonic PIRATE to state correctly the criteria for capitalizing developments costs.
- (vii) The whole question 5 was a mark spinner for those candidates who were prepared with this part of the syllabus. Like it has been said on all questions,

future candidates are reminded not to let easy marks like those that came with this question to bypass them.

Overall performance of candidates

Highest mark obtained in this paper: 68%
Lowest mark obtained in this paper: 5%
Overall pass rate in this paper: 31%

SUBJECT: DA 9 - MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was very poor. Only 17 of the 157 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.8% was recorded. The lowest mark recorded was 0 while the highest was 18.

Question One examined product mix decisions, maximum price to pay and make or buy decisions

Part (a) was very poorly attempted. Most candidates struggled to calculate material R2 and Material R3 costs per unit because the prices per kg were not in the table but were in paragraph three of the question. Future candidates are advised to read the question carefully. Consequently, they could not calculate the correct contribution per unit.

Another common error was that of calculating total costs instead of the cost per unit.

Part (b) was poorly answered and hardly any candidate calculated the maximum price of material R2 per kg. The majority of candidates left this part blank thereby losing precious marks.

In part (c) candidates who did not calculate anything had nothing to comment. But those who wrote something on the calculation made a comment based on the calculation and a few marks were awarded for that effort.

QUESTION TWO

The general performance on this question was poor. Only 46 of the 160 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 28.8% was recorded. The lowest mark recorded was 1 while the highest was 19.

The question examined working capital management. It required candidates to calculate three current asset ratios and interpret them; a discussion of working capital funding policy factors; an explanation of overtrading and its causes; and a description of the Baumol model and its drawbacks.

- (i) Performance on the ratios was very good. Weaker candidates focused on the computations and did not provide the interpretation and others forgot the average receivable collection period formula.
- (ii) Knowledge of key factors in a working capital funding policy. This part was poorly answered by most candidates. Most Candidates spent time writing about working capital management instead of working capital funding policy. Candidates should have realized that the policy revolves around the Conservative policy and the Aggressive policy with the middle road, Moderate policy.
- (iii) Overtrading and possible causes. Most candidates gave good answers on the definition but wrong answers on the causes. Some causes of overtrading include late payment by receivables and prolonged payments to accounts payables.

(iv)The Baumol model sub-question was poorly answered by most candidates. Common mistakes included not stating how the model can help in reducing the cost of cash management. Furthermore, most candidates did not mention the drawback of the model such as future cash requirement cannot be predictable using the model and the fact that the model does not allow for buffer inventory of cash, leading to costs of cash out.

QUESTION THREE

The general performance on this question was poor. Only 45 of the 121 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 37.2% was recorded. The lowest mark recorded was 0 while the highest was 23.

This question required candidates to calculate for each potential selling price, the budgeted profit, the breakeven price and the marginal of safety in part (a); in part (b) explanations on cost behaviour, limitations of, and advantages of, breakeven analysis were required.

The only area where candidates did not express themselves well enough was on commenting on the analysis of total costs into its behavioural elements for effective cost and management accounting.

QUESTION FOUR

The general performance on this question was good. 82 of the 137 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 59.9% was recorded. The lowest mark recorded was 1 while the highest was 25.

This question required candidates to calculate variances and reconcile the budgeted profit to the actual profit using marginal costing principles as well as contrast management accounting from financial accounting.

The students who attempted the question did very well in part (a) on variance analysis; an indication that many were very well prepared. They also had a good understanding of the differences between management and financial accounting.

QUESTION FIVE

The general performance on this question was very good. 44 of the 72 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 61.1% was recorded. The lowest mark recorded was 0 while the highest was 23.

This question was examined candidates on overtrading, product life cycle, target costing and backflush accounting.

Part (a) required candidates to explain what overtrading is and how it is caused. This part of the question was well answered apart from a few poor candidates. The causes were well explained by a good number of candidates.

Part (b) required candidates to explain product life cycle. Candidates explained well what it is but were not able to demonstrate the relevance of alternative pricing policies for a technologically advanced product. That is, most candidates did not give the pricing policy at each stage such as penetration or skimming prices at the introduction stage, reducing the price at the growth stage to beat competition, offering discounts to maintain consumer interest and finally at decline stage prices would be lowered or discount pricing is introduced.

Part (c) Targeting costing process was poorly answered by most candidates. Common mistakes included not stating the specification of a product an organization wishes to sell, customer analysis, the desired margin being deducted from the price to get the target cost.

Part (d): back flush accounting. This part was well answered by most candidates. Most candidates were able to state that it is a method associated with Just In Time (JIT) production system which applies cost to the output of a process. They also mentioned the fact that the system works backward to flush out manufacturing costs for the finished units.

Overall performance of candidates

Highest mark obtained in this paper: 76%

Lowest mark obtained in this paper: 9%

Overall pass rate in this paper: 38%

SUBJECT: DA 10 - TAXATION

QUESTION ONE

The general performance on this question was very good. 62 of the 89 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 69.7% was recorded. The lowest mark recorded was 3 while the highest was 24.

This question has three (3) parts. In part (a) candidates were required to calculate the amount of capital allowances claimable by the company for the tax year 2023.

The performance on this part of the question was above average. However, the following weaknesses were observed;

- (i) Failure to use the correct tax rates for certain assets.
- (ii) Failure to recognize that the restricted amount for farm dwelling is K100,000 for 2023 as opposed to the previous K20,000.
- (iii) Failure to recall that the wear and tear allowance for implements exclusively used for farming is now 100% and not the previous 50%.
- (iv) Failure to recall that the wear and tear allowance for farm works and farm improvements is 100%.

In part (b), candidates were required to calculate the tax adjusted farming profit of the company for the tax year 2023.

The performance on this part of the question was average although some candidates showed the following weaknesses:

- (i) Failure to realize that the disallowable rate on free accommodation has changed from 30% to 37.5% for 2023 tax year,
- (ii) Lack of knowledge that Personal to holder car disallowable amount for the vehicle with an engine capacity of above 2,800cc has changed to K48,000 from K40,000 as it was increased by 20% from the tax year 2023.
- (iii) Failure to recall that the investment income should be deducted as they are when computing the adjusted business profit. Some candidates grossed them up before deducting them.
- (iv) Failure to acknowledge that farming income should be taxed at 10% and non-farming at 30%.

In part (c), candidates were required to calculate the income tax payable by the company for the tax year 2023.

The performance on this part of the question was below average as most candidates showed the following weaknesses:

- (i) Wrongly computed the taxable farming profit which affected the amount of tax payable.
- (ii) Failure to recall that the withholding tax on dividends is a final tax. Therefore it should not be included in the income tax computation at the end of the tax year.
- (iii) Failure to acknowledge that farming income should be taxed at 10% and non-farming at 30%.

QUESTION TWO

The general performance on this question was good. 43 of the 86 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 0 while the highest was 24.

This question had two (2) parts; (a) and (b). In part (a), candidates were required to explain the tax treatment of the investment income received by the tax payer for the tax year 2023 and also to include the computation of the amount of withholding tax paid on each item of investment income.

The performance on this part of the question was average. The following weaknesses were observed:

- (i) Failure to recall that bank deposit interest for an individual is subjected to a withholding tax at the rate of zero.
- (ii) Failure to recall that dividends are subjected to a withholding tax at the rate of 15% and a final tax.
- (iii) Failure to recall that royalties are subjected to withholding tax at the rate of 15% and not final.
- (iv) Failure to realize that interest on GRZ bonds are subjected to withholding tax at the rate of 15% and final tax.

In part (b), candidates were required to calculate the amount of income tax payable by the tax payer for the tax year 2023.

The performance was average as some candidates showed the following weaknesses:

- (i) Failure to acknowledge that the taxable amount of the salary and allowances should have been apportioned to 10 months as the tax payer was declared redundant on 31 October 2023.
- (ii) Failure to recall that all terminal benefits are exempt from tax, e.g. gratuity, repatriation pay and severance pay.
- (iii) Lack of knowledge that NHIMA and NAPSA contributions are not allowable deductions in the computation of the taxable profit.
- (iv) Lack of knowledge that tax bands for individuals have changed in 2023 which were indicated in the tax tables.

QUESTION THREE

The general performance on this question was very good. 65 of the 83 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 78.3% was recorded. The lowest mark recorded was 6 while the highest was 23.

This question had three (3) parts (a), (b) and (c). In part (a), candidates were required to calculate the amount of capital allowances claimable for the tax year 2023.

The performance on this part of the question was quite good. Those who did not perform well had the following weaknesses:

- (i) Failure to realize that the wear and tear allowance for non-commercial vehicles is 20% and for commercial vehicles is 25%.
- (ii) Failure to realize that the motor car had a business use adjustment of 25% and the wear and tear allowance should have been adjusted by this rate.

In part (b), candidates were required to calculate the final taxable profit for the tax year 2023.

The performance was slightly above average. Those who did not perform well had the following weaknesses:

- (i) Wrongly computed the tax adjusted business profit.
- (ii) Failure to identify disallowable expenditure which should have been added to the net profit

In part (c), candidates were required to calculate the final income tax payable by the tax payer for the tax year 2023.

The performance was below average. The weaknesses were as follows:

- (i) Wrongly computed taxable profit affected the tax payable
- (ii) Failure to gross royalties before computing the taxable income.
- (iii) Failure to use the correct tax bands even though they were included in the tax tables.
- (iv) Failure to compute and recall that withholding tax on royalties should have been treated as a tax credit when computing the tax payable.

QUESTION FOUR

The general performance on this question was very good. 48 of the 70 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 68.6% was recorded. The lowest mark recorded was 1 while the highest was 24.

This question had two (2) parts (a) and (b). In part (a), (i) candidates were required to explain the realized value in respect of transfers made to members of the immediate family.

The performance was satisfactory. Certain weaknesses were as follows;

- (i) Lack of knowledge on what is meant by members of the immediate family.
- (ii) Failure to explain how members of the immediate family.
- (iii) Failure to explain how transfers to members of immediate family taxed.

In part (a) (ii), candidates were required to explain the property transfer tax implications from the transfer of the assets in the scenarios provided.

The performance on this part of the question was above average. However, some candidates showed the following weaknesses:

- (i) Failure to determine the realized value on which Property transfer tax is charged.
- (ii) Failure to identify which transactions are exempt from PTT.
- (iii) Failure to recall that property transfer tax rate is still 5% and not 10%.

In part (a) (iii), candidates were required to state four (4) documents required for the refund of property transfer tax. The performance was not very good as the majority of candidates did not know exactly the documents required for the refund of PTT.

In part (b), candidates were required to state any four (4) types of goods which are prohibited from importation into Zambia and to calculate the import taxes paid at the border post on the importation of the vehicle.

In part (b) (i) The performance on this part of the question was poor. The majority of candidates had no idea in terms of items prohibited from importation. Most of the answers were too general.

In part (b) (ii), the performance was very good as most of the candidates were able to compute the value for duty purposes and the taxes paid on the importation of the vehicle.

QUESTION FIVE

The general performance on this question was poor. Only 5 of the 24 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 20.8% was recorded. The lowest mark recorded was 3 while the highest was 18.

This question had two (2) parts (a) and (b). In part (a), candidates were required to explain the three (3) advantages and three (3) disadvantages of voluntary VAT registration.

In part (b) (i), candidates were required to explain the meaning of reverse VAT.

(i) The majority of candidates failed to explain the reverse VAT lost the marks.

In part (b) (ii), candidates were required to explain the VAT implications of engaging the South African resident to provide installation support services.

(ii) Lack of knowledge on the application of reverse VAT as most candidates failed to explain the tax treatment of goods imported from South Africa.

In part (b) (iii), candidates were required to list any five (5) conditions to be met for input VAT to be claimed by a trader.

The performance was quite good except a few candidates who had difficulties in providing the correct conditions required to claim input VAT.

In part (b) (iv), calculate the amount of VAT payable by the tax payer for the month of December 2023.

The performance was quite poor. The majority of candidates showed the following weaknesses:

(i) Failure to compute the correct output tax on sales.

(ii) Failure to deal with recoverable input VAT on bad debts.

(iii) Lack of knowledge in dealing with items which are inclusive of VAT.

In preparing this report, please obtain input from the members of your marking panel. As Chief Examiner your report should cover the following.

Overall performance of candidates

Highest mark obtained in this paper: 89%

Lowest mark obtained in this paper: 11%

Overall pass rate in this paper: 67.4%

SUBJECT: DA 11 - PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was fair. 43 of the 117 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 36.8% was recorded. The lowest mark recorded was 1 while the highest was 24.

- (i) Most candidates were able to explain audit procedures. Usually it is expected that candidates should know that audit procedures involve work done. It is expected that they will start with a verb such as obtain, re-calculate and review just to mention a few. Wrong answers took audit procedures as weaknesses in internal controls and got no marks at all.
- (ii) Responses should have included those initiated by the auditors and not by management. Further, wrong answers included recommendations to weaknesses which was wrong.
- (iii) Excerptions are differences between the amounts recorded by the client and those on the list of the payables. Instead of forecasting on correct answers such as cash-in transits and errors as good examples of causes for excerptions, some candidates began commenting on payables confirmations which was not one of the causes for excerptions.
- (iv) Control procedures are put in place in order to prevent or detect errors or unwanted acts form those concerned. However some candidates focused on components of internal controls such as control environment or monitoring activities. Procedures are policies, regulations and guidelines that management and those charged with governance have put in place in order to achieve objectives for the organization.
- (v) Instead of answering the question on explaining disadvantages, some candidates explained advantages, wasting their time but earning no marks at all. It is important to stick to the question in order to collect maximum points.
- (vi) Most candidates did not write on factors to consider when planning attendance for stock taking. They instead explained the general audit procedures performed on inventory values and earned no marks at all.

QUESTION TWO

The general performance on this question was poor. 39 of the 118 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 33.1% was recorded. The lowest mark recorded was 1 while the highest was 24.

It was observed that some candidates wrongly gave answers on audit risks and explained components of internal controls while others were able to explain audit risks in general but failed to identify the audit risks from the scenario. Others thought the question was about threats to objectivity and independence ending up with no marks at all.

- (i) Only those who were able to identify correct answers such as Chello being a new auditor, managed to give correct responses such as adopting robust audit procedures for opening balances and consider how they were brought forward.

- (ii) Though most candidates were able to give an example of a control in the computerized environment, they failed to explain the meaning of information technology audit. All they did was to explain the meaning of Information Technology without any application to audit and did not earn any marks at all.
- (iii) Instead of explaining disadvantages of ICQs and ICEQs, most of those who attempted this question simply explained the meaning of the two types of questionnaires only. Others stated that questionnaires are expensive to prepare which was not true.
- (iv) The question was mistaken for methods that auditors use in order to gain an understanding of an entity and its environment such as Inquiry, observations and inspections which were completely wrong. This implies that some candidates do not read or understand in detail the components of the topics. It is also important to go through all topics and learning objectives relating to a particular syllabus so that you understand what is essential and not essential in each topic.

QUESTION THREE

The general performance on this question was very poor. Only 9 of the 56 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 16.1% was recorded. The lowest mark recorded was 1 while the highest was 17.

- (i) (i) Matters relating to the audit of a client that maintains inventory on perpetual count system was mistaken for matters to consider before inventory count. Others wrongly stated audit procedures such recalculate or observe inventory counts. It is not possible to observe an amount that has already been recorded in the books of accounts. Candidates are always advised to read and understand the question requirements before starting to write down the answers. That is the purpose of the fifteen (15) minutes given in the examination.
- (ii) Again the question was on follow-up audit procedures on inventory count. This means post audit review of inventory count and takes note of what could have not been done correctly. It appears most candidates are not able to distinguish procedures before; during and after that external auditors perform in relation to inventory at end of year.
- (ii) (i) Despite inventory count instruction given and itemized as in note 1 to 4, which contain some weaknesses, some candidates failed to identify weaknesses in the count instructions. Some of the weaknesses like in question in note, (1) is staff involved in the count who were working on their own.
- (ii) This was only satisfactory answered by those who identified weakness in the count instructions correctly. Some appear not to have even seen the points of count instructions and ended up losing marks as they did not refer to the notes of count instructions as given in the question.
- (iii) This was an easy part of the question but others simply stated the elements of Internal Controls and ignored the part on explaining internal controls. However there were cases when candidates simply reproduced the elements of internal controls without actually giving an explanation in each case. Both stating and examinations were allocated separate marks.

QUESTION FOUR

The general performance on this question was very good. 86 of the 113 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 76.1% was recorded. The lowest mark recorded was 2 while the highest was 25.

The following was observed on parts of the question.

- (i) (i) This was an easy part of this question as most of the candidates were able to explain all the five fundamental ethical principles. However very few were able to give an example in each case.
 - (ii) Most of the candidates got this part correct except those who were just explaining the meaning of an assurance engagement.
- (ii) (i) Despite the question being straightforward, there were a few that failed to explain the differences between internal and external auditors, with others stating that internal auditors are in-charge of ensuring that the internal controls are functioning properly. It is management who should ensure that internal controls are working properly.
 - (ii) The question did not ask for a definition of a negative confirmation, which unfortunately most of them gave. A good number of them failed to explain four factors or circumstances under which a negative confirmation can be given and ended up losing easy marks.

QUESTION FIVE

The general performance on this question was good. 44 of the 72 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 61.1% was recorded. The lowest mark recorded was 1 while the highest was 20.

The following were observations on part of the question:

- (i) There were a lot of misplaced answers with regards to opinions given by auditors. This was evident in the answers that candidates were giving, Instead of commenting on the opinion that was given whether it was correct or wrong, and then recommending an appropriate opinion, some rushed to giving a recommendation only without commenting on the appropriateness of the earlier opinion that was given. These who state must candidates still have problems in identifying an appropriate audit opinion in a given circumstance. For example, an adverse opinion should be given when a matter, with regards to account balances is both material and pervasive and not the other way round. Mastering of the topic on reporting will help candidates to identify an appropriate audit opinion as these are given as per revised audit opinion.
- (ii) (i) An understanding of the good corporate governance principles could have helped candidates to identify a number of weaknesses in the scenario. However a good number of the candidates failed to identify even easy ones such as Jeremy being Managing Directors and Chairman at the same time. Question that ask candidates to identify something, automatically means the items of information asked about in the scenario or question before you! .Others explained different

board committees such as audit, remuneration and functions of Non-Executive Directors that were not even asked for.

(ii) Most of the wrong answers simply referred or made a comment regarding the fact that inventory should be recorded at the lower of cost and net realizable value as per I.A.S. 2 inventory. This was not one of the requirements. Candidates are advised to only explain something if the question is asking for it. No marks are given for what is not asked for.

(iii) The challenges that Reedbuck Ltd was facing when implementing good corporate governance were mainly due to the company being a Small Enterprise or being an SME. This is due to the fact that it is not cheap to put in place all required governance structures that also involve committee such as audit, remuneration and risks committees. Further in a small organization, owners are likely not to follow the laid down internal controls as required by good corporate governance requirements. Most of the candidates failed to put up such answers and mostly ended at definition of corporate governance only.

Overall performance of candidates

Highest mark obtained in this paper: 81%

Lowest mark obtained in this paper: 20%

Overall pass rate in this paper: 54.9%

SUBJECT: DA 12 – GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was very good. 48 of the 67 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 71.6% was recorded. The lowest mark recorded was 6 while the highest was 23.

The following was observed on parts of the question:

- (i) Question 1 was attempted under Section A by all students. The question focused on the duties of directors, their qualifications and grounds for their disqualifications. Most candidates who answered this question performed quite well though others struggled to deal with the question completely. 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. This will help them appreciate the topic as it is highly examinable.
- (ii) The question focused on the appointment of liquidators. Candidates must continue with the habit of paying attention to all questions. Students must take time to study all topics in full, this topic can only be dealt with by candidates who thoroughly go through topics and mastering the principles under each topic.
- (iii) The question focused on the 5 duties of a liquidator. In particular, 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 are familiar with this topic. 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 TWO

The general performance on this question was good. 38 of the 67 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 56.7% was recorded. The lowest mark recorded was 2 while the highest was 25.

As this was a compulsory question, it was attempted by all candidates. The question was divided into three parts;

- (i) Candidates did very well under this part of the question. They scored between 10 and 20 marks. Those who did not do well may not have taken time to study the topic on directors, which falls under corporate administration.
- (ii) Equally under this part students were able to identify the different classes of share and the rights attached to each class. The few who did not do well may not have taken adequate time to go through the topic.
- (iii) Only few candidates were able to correctly explain public issuance of shares. It appears that the topic is quite technical and requires students to pay particular attention.

Going forward candidates are encouraged to study all topics in detail, especially Corporate Law which constitutes an important component of the syllabus.

QUESTION THREE

The general performance on this question was excellent. 50 of the 57 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 87.7% was recorded. The lowest mark recorded was 9 while the highest was 24.

This question had 5 parts. The first part was on limited liability in company law, the second part was on voluntary disclosure in governance and corporate law, the third part was on active stakeholders, the 4th part was on powers of directors and the last part was on procedure for registration of limited liability companies in Zambia.

QUESTION FOUR

The general performance on this question was very good. 19 of the 25 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 76% was recorded. The lowest mark recorded was 3 while the highest was 24.

This was a three-part question. The first part required the students to provide circumstances under which different class meetings can be held. Future students should be helped to understand the circumstances. The second part required the students to illustrate the 2 main ways through which lifting of the veil of incorporation can be done. The last part required them to define loan capital.

QUESTION FIVE

The general performance on this question was very good. 33 of the 53 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 62.3% was recorded. The lowest mark recorded was 2 while the highest was 19.

- (i) This Question required students to explain the meaning of "PLC". 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 matter.
- (ii) The question required students to explain the purpose of a prospectus. Candidates must continue with the habit of paying attention to all questions. Students must take time to study all topics in full and avoid selective reading, this topic can only be dealt with by candidates who thoroughly go through topics and mastering the principles under each topic.
- (iii) The question required students to show the implications of the omissions or untrue statements on the prospectus issued by the company. Those who attempted this question did fairly well except for a few who failed it. Future candidates must take time to study all topics in full and be in a position to draw civil and criminal liability parallels on the same. This question demanded students to explain ways a director vacates office. 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 matter.

Overall performance of candidates

Highest mark obtained in this paper: 82%

Lowest mark obtained in this paper: 30%

Overall pass rate in this paper: 88.1%