



JUNE 2023 EXAMINATIONS

CHIEF EXAMINERS REPORTS

TAXATION

SUBJECT: C 1 - PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on this question was excellent. 10 out of the 11 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 90.9%. The lowest score was 0, whilst the highest was 18 out of 20 marks.

This was an easy question was answered by all candidates.

QUESTION TWO

The general performance on this question was very good. 8 out of the 11 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 72.7%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

This question was divided into two parts (a) and (b)

- (a) This part requested the listing of management functions
- (b) This last part was on listing of the external factors that affected the business environment of the company.

The question attracted 100% of the candidates. The scores were very good showing clearly that the level of difficulty was relatively on the lower side. It is being suggested that this area deserves improvements in terms of demand in line with the cognitive level of the study the candidates are pursuing. Below are the statistics of performance on this question.

QUESTION THREE

The general performance on this question was very good. 9 out of the 11 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 81.8%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

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

Part (a) was on defining a strategic business plan and part (b) was about explaining; corporate strategy, business strategy and operational strategy.

QUESTION FOUR

The general performance on this question was very good. 8 out of the 11 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 72.7%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

The question was in two parts (a) and (b)

Part (a) was on the transformational leader and the characteristics

Part (b) was on delegation and was a fair request to all candidates.

QUESTION FIVE

The general performance on this question was excellent. 10 out of the 11 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 90.9%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

This question had four parts, (a), (b), (c) and (d)

(a) Most candidates drew the communication process diagram correct.

(b) Most of the candidates gave the correct reasons on why communication was needed.

(c) A good number of candidates did not do well on this part is because they could not distinguish between effective and efficient communication.

(d) On this part candidates gave correct responses.

Overall performance of candidates

Highest mark obtained in this paper: 96%

Lowest mark obtained in this paper: 26%

Overall pass rate in this paper: 90%

SUBJECT: C2 - ECONOMICS & FINANCIAL MATHEMATICS

QUESTION ONE

The general performance on this question was poor. 1 out of the 4 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 25%. The lowest score was 1, whilst the highest was 15 out of 20 marks.

- (i) Majority of the candidates seemed not to know what Free Trade Area is all about when applied to Regional Integration. Very poor answers were given unrelated to regional trade
- (ii) The overall performance was poor. Many candidates couldn't relate to what Open Market Operations, Reserve Ratio and Discount Rate Methods or policies are all about let alone explaining how they are used to control money supply. Other were able to identify them but complete answers should have focused on how each of these is used to increase money supply and to reduce money supply

QUESTION TWO

The general performance on this question was poor. 1 out of the 4 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 25%. The lowest score was 4, whilst the highest was 14 out of 20 marks.

- (i) Some failed to simply list the three advantages and three disadvantages of international trade. Some answers were unrelated to international trade. Candidates are urged to study the entire syllabus to pass C2.
- (ii) Performance was very poor, many candidates presented International Terms of Trade (INCOTERMS) instead of the terms of payment required.
- (iii) Majority of the candidates performed poorly on this part question. The common mistake is that candidates failed to cover the entire syllabus. Further, some candidates concentrate on the Financial Mathematics part and neglect the Economics part!
- (iv) Performance was fair. Candidates needed to know that breakeven point occurs at a point where total cost is equal to total revenue. To do this, candidates need to calculate total revenue values for each output since total cost figures were already given.

QUESTION THREE

The general performance on this question was very good. 2 out of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 6, whilst the highest was 16 out of 20 marks.

The first part of the question required candidates to use the regression method to find the regression line, find the correlation coefficient. The general performance on this question was good.

The second part required use of compound interest to use the present value. The candidates demonstrated knowledge of the topic and performed well.

QUESTION FOUR

The general performance on this question was very poor. The only candidate who attempted the question achieved a fail (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The score was 9 out of 20 marks.

This question was split in two parts with the first part requiring candidates to use the method of NPV to select a viable project. The general performance on this question was bad due to use of wrong formula and inability to correctly use the results to give correct interpretation.

The second part required candidates to use the probability distribution mean of the data. The general performance was bad due to use of wrong formula in finding the expected value.

QUESTION FIVE

The general performance on this question was very poor. Out of the 3 candidates who attempted the question none of them achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The lowest score was 6, whilst the highest was 8 out of 20 marks.

This question required candidates to first use the normal distribution method to find the required probabilities. There was demonstration of good knowledge of the subject and candidates performed well on this part. The second part required use of compound interest method to find the value of interest rate. The performance was not good due to use of wrong formula.

The last part of required candidates to use the given information to find the depreciation value of the machine. Candidates failed to solve this part due to lack of knowledge of method to use in solving the problem.

Overall performance of candidates

Highest mark obtained in this paper: 60%

Lowest mark obtained in this paper: 9%

Overall pass rate in this paper: 25%

SUBJECT: C3 – ACCOUNTANCY FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question very good. 5 out of the 6 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 83.3%. The lowest score was 3, whilst the highest was 17 out of 20 marks.

Part "a" required candidates to prepare a statement of Profit or Loss account. This part was answered reasonably well.

Part "b" required candidates to prepare a statement of Financial Position. Candidates answered this part well.

Part "c" required candidates to prepare the allowance for depreciation on machinery. Candidates missed out by not using reducing balance method.

QUESTION TWO

The general performance on this question very poor. Out of the 4 candidates who attempted the question none of them achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The lowest score was 3, whilst the highest was 7 out of 20 marks.

This question required candidates to prepare a statement of cashflows. Four candidates attempted the question and all candidates failed representing 0% pass rate. Candidates did not adequately prepare themselves. Candidates are encouraged to prepare and complete the syllabus before attempting an examination.

QUESTION THREE

The general performance on this question was poor. 2 out of the 6 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 33.3%. The lowest score was 0, whilst the highest was 12 out of 20 marks.

This question required candidates to calculate accounting ratios for two given statements of Financial Positions. The ratios asked were basic but lack of examination preparation by candidates was responsible for failure.

QUESTION FOUR

The general performance on this question was very good. 4 out of the 6 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 4, whilst the highest was 18 out of 20 marks.

Part "a" required candidates to prepare a statement of Profit or Loss account, and appropriation account for a partnership business. Candidates fared well in this part. Part "b" required candidates to prepare a statement of financial Position for a partnership business. Some candidates did not prepare current account for the partners before preparing a statement of financial position. Candidates are encouraged to prepare the current account as a working to establish the closing balances for the partners as these are required in the statement of financial Position. Four (4) candidates passed this question representing 67% pass rate.

QUESTION FIVE

The general performance on this question was poor. 2 out of the 6 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 33.3%. The lowest score was 0, whilst the highest was 12 out of 20 marks.

Part "a" required candidates to prepare an adjusted cash book from a list of given errors/transactions. Candidates had challenges on Interest Income (iii) and the dishonoured cheques (viii). These should have been debited and credited respectively. Part (b)(i) required candidates to briefly give differences between paper based accounting and computerised accounting. Candidates omitted this part. Part (b)(ii) required candidates to state four (4) disadvantages of a computerised system. This part was again poorly answered. This is well covered in the text book but lack of preparation makes candidates to fail the examination. Only two (2) candidates passed representing 50% pass rate.

Overall performance of candidates

Highest mark obtained in this Paper: 64%

Lowest mark obtained in this Paper: 19%

Overall pass rate in this Paper: 33.3%

SUBJECT: C4 - DIRECT TAXES

QUESTION ONE

The general performance on this question was very good. 8 out of the 10 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 80%. The lowest score was 4, whilst the highest was 17 out of 20 marks.

This question was on a limited company income tax computation and had three parts (a), (b) and (c).

In these parts, candidates were required to compute maximum capital allowances claimable by the company, final tax adjusted business profit and income tax payable respectively.

Part (a) of the question was seemingly an easy component as most candidates did manage to compute the capital allowances and scored the full marks. However in part (b) and (c) most candidates failed to correctly compute the final taxable business profit because wrong treatment of car benefit, fixed deposit interest.

QUESTION TWO

The general performance on this question was poor. 4 out of the 10 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 40%. The lowest score was 2, whilst the highest was 17 out of 20 marks.

This question was on taxation of employment income for an individual who was employed on renewable contract terms which expired before the end of the 2023 charge year and had three parts (a) to (c).

In parts (a) and (b), candidates were required to explain the term employment as well as the basis of assessment for emoluments from employment.

In part (c), candidates were required to compute the amount of gratuity Mwika received on the expiry of his contract and to explain its tax treatment as well as to calculate the amount of income tax payable by Mwika Mwila for the tax year 2023.

Candidates were also required to state the due date for the payment of income tax deducted from emoluments by the employer, under the Pay As You Earn system and explain the tax consequences of the late payment of the tax.

In part (a) of the question candidates, stated correctly the meaning of emoluments. A high number of candidates struggled to explain the basis of assessment in part (b) of the question and lost the marks.

Most of the candidates were able to compute the personal income taxation. However, some of the candidates failed to do so because wrong apportionment of time/period of work and lost the vital marks.

QUESTION THREE

The general performance on this question was poor. 4 out of the 9 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 44.4%. The lowest score was 3, whilst the highest was 16 out of 20 marks.

This question was on various taxation issues which encompassed canons of taxation, sources of tax law in Zambia and basis periods.

In parts (a) and (b), candidates were required to provide seven (7) canons of taxation as well as three (3) sources of tax law in Zambia.

In part (c) candidates were required to explain how the basis periods for each of the given three accounting periods would be determined and clearly showing the income tax assessments for each of the relevant tax years in the case study

This part (a) of the question was well answered by most candidates and scored the full marks.

In part (b) a few candidates failed to fully state the sources of tax law especially the sub headings and cost them the full marks.

Most of the candidates struggled to correctly answer the part (c) of this question. They failed to explain and eventually to compute the income tax assessment.

QUESTION FOUR

The general performance on this question was very good. 8 out of the 10 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 80%. The lowest score was 7, whilst the highest was 18 out of 20 marks.

This question was on the taxation aspects of sole traders and had three parts, (a) to (c).

In part (a), candidates were required to explain any four (4) badges of trade that are used to determine whether a person is carrying on a trade.

And in parts (b) and (c), candidates were required to calculate the tax adjusted business profit and final income tax payable by a given sole trader for tax year 2023.

Part (a) of this question was well answered by most of the candidates as they correctly stated the factors of the badges of trade and earned the full marks.

Part (b) had a good performance by most of the candidates as they scored excellent marks. However a few failed to add the disallowable expenses to the net profit or deduct the correct expenses and lost the marks.

Computation of the final income tax payable was not correctly done by most candidates because of a few wrong adjustments made.

QUESTION FIVE

The general performance on this question was good. 6 out of the 11 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 54.5%. The lowest score was 2, whilst the highest was 13 out of 20 marks.

This question was on various property transfer tax issues in line with the Property Transfer Tax Act, CAP 340 of the laws of Zambia and had five parts (a) to (e).

In parts (a) and (b), candidates were required to explain the meaning of an immediate family member and stating how transfers made to immediate family members are treated, and also how the realized value of land, intellectual property and shares in a company that is not listed on the Lusaka Securities Exchange.

In parts (c) and (d) candidates were required to state three (3) documents required for the transfer of shares which qualify under the property tax regime and any five (5) documents which are required to support an objection to the values of property and PTT assessed by the ZRA.

And in part (e) candidates were required to describe any three (3) exempt transactions under the PTT Act.

In part (a) candidates correctly stated the meaning of immediate family.

In part (b) most of the candidates correctly answered the. However a good number failed to explain the realized value on intellectual property and lost the marks

Part (c) and (d) of this question were poorly answered by most of the candidates as they failed to list the documents required as per question. Most of the answers were well off.

Part (e) was well done by most candidates.

Overall performance of candidates

Highest mark obtained in this paper: 69%

Lowest mark obtained in this paper: 26%

Overall pass rate in this paper: 70%

SUBJECT: C5 - INDIRECT TAXES

QUESTION ONE

The general performance on this question was excellent. 14 out of the 15 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 93.3%. The lowest score was 9, whilst the highest was 20 out of 20 marks.

This question was on Value added tax and had three parts (a) to (c).

In parts (a) and (b), candidates were required to explain any five (5) arguments in support of and two (2) arguments against the introduction of Value Added Tax (VAT) in Zambia as well as six (6) circumstances in which a business will be required to de-register for VAT.

In part (c) candidates were required calculate the amount of VAT payable by Machipisa Plc for the quarter ended 31 March 2023 clearly indicating using a Zero (0) all items on which VAT is not chargeable or claimable.

In part (a) and (b) most of the candidates answered the questions correctly and ended up scoring high marks.

However, a high number of candidates failed to compute correctly both the output VAT and Input VAT and ended up losing the marks.

QUESTION TWO

The general performance on this question was excellent. 11 out of the 13 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 85%. The lowest score was 7, whilst the highest was 20 out of 20 marks.

The areas examined in this question were variously involving duty drawback system, bonded warehouse, SADC and PTA tax related issues.

In part (a), candidates were required to explain the nature and purpose of the duty drawback system.

In part (b), candidates were required to explain four (4) conditions which should be met in order for the bonded warehouse to be approved and licensed and also to state the advantages of such warehouses as well as the length of time that goods may be stored in a warehouse.

In part (c), candidates were required to explain the meaning of overlapping membership stating one disadvantage of associated with overlapping membership and also the objectives of the PTA

Part (a) and (b) of this question were well answered by most of the knowledgeable candidates.

Part (c) and (d) of this question were also well answered and those candidates who are knowledgeable scored the full marks

QUESTION THREE

The general performance on this question was excellent. 14 out of the 15 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 93.3%. The lowest score was 9, whilst the highest was 20 out of 20 marks.

This question was on the functions of the Customs and Excise Division of the ZRA as well as computation of customs duties in two given scenarios of a Toyota Fortuner SUV and a Marcopolo bus and had two parts (a) and (b).

In part (a) candidates were required to explain the other functions of the Customs and Excise Division of the ZRA.

And in part (b) candidates were required to calculate import duties of the two imported vehicles.

Part (a) of this question was well answered by most candidates and scored the full marks.

In part (b) most of the candidates did manage to compute the import duties. However, a few candidates failed to do so because of wrong application of the exchange rate or the customs and excise duties and lost some marks.

QUESTION FOUR

The general performance on this question was very good. 12 out of the 15 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 80%. The lowest score was 6, whilst the highest was 19 out of 20 marks.

This question was on various VAT issues which included waiver of import duty, tax points on lease rentals, goods on sale or return, higher purchase sales, stage payments and recovery on input VAT on expenditure and had four parts (a) to (d).

In part (a), candidates were required to explain the conditions that must be met by the administrator to qualify for a waiver of import duty on the importation of goods left behind by a deceased person into Zambia

In parts (b) and (c), candidates were required to explain how the tax point of lease rentals, goods on sale or return, hire purchase sales and stage payments are established.

In part (d) candidates were required to explain seven (7) conditions that must be met for a trader to recover any input VAT incurred on expenditure.

Part (a) of this question was not well answered by some candidates as they failed to state the conditions requested for. General comments outside the scope of the question were being made.

Part (b) of the question was well answered by most candidates and so was part (c).

Part (d) of the question was well answered by most candidates, despite some of them failing to fully state all the seven (7) conditions requested for and ended up losing some marks.

QUESTION FIVE

The general performance on this question was excellent. 14 out of the 15 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 93.3%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

This question was centered on issues related to import duties and VAT which included smuggling, prohibited goods and VAT registration and had two parts (a) and (b).

In part (a) candidates were required to provide the meaning of smuggling and to indicate types of goods which are prohibited from imports.

In part (b), candidates were required to explain the obligations of a person who is registered for VAT purposes, items on which VAT is irrecoverable and conditions necessary for the claim of bad debt relief to be successful.

Part (a) (i) the question was easily answered by most candidates.

However in part (ii) some candidates failed to fully state the types of goods prohibited from importation and were literally repeating some.

In part (b) (i) and (ii) this was well answered by most of the candidates as they stated the correct obligations despite missing only a few.

Part (b) (iii) was not fully answered by a high number of candidates due to some lack of knowledge on all of the four (4) conditions requested in the question.

Overall performance of candidates:

Highest mark obtained in this paper: 91%

Lowest mark obtained in this paper: 38%

Overall pass rate in this paper: 93.3%

SUBJECT: C6 – LAW FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question was very good. 10 out of the 12 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 83.3%. The lowest score was 4, whilst the highest was 19 out of 20 marks.

This was a compulsory question. The performance was quite poor; with only 30% of the candidates scoring above the half mark. It was divided into three parts:

- (a) Under part A most candidates managed to give brief answers under the five parts of the question.
- (b) Very few candidates managed to give the correct legal advice. Only 30% identified the correct legal position. Those who did not give the correct answer may not have grasped the principles of law of contract. Law of contract being an integral part of the syllabus must be studied in detail.
- (c) All candidates managed to give the correct difference here.

Going forward candidates are encouraged to devote more time to their studies and always prepare adequately before each exam.

QUESTION TWO

The general performance on this question was excellent. 11 out of the 12 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 91.8%. The lowest score was 9, whilst the highest was 20 out of 20 marks.

This question was compulsory and demanded students to demonstrate knowledge of Zambian sources of law, jurisdiction of the High Court and Supreme Court of Zambia. It also required students to explain the doctrine of Res-judicata. Finally the question demanded students to exhibit understanding of a contract of sale and show the four main elements of it.

Most candidates were able to deal with this question. They were also able to bring out all the elements and or features of the same with ease. However, few students showed limited knowledge on the topics. The way forward for all prospective candidates is to take enough time to study the topic and be able to support their

answer with legal authorities. Future students are advised to revise the topic and appreciate all its incidents. The ZICA manual is adequate for this topic.

QUESTION THREE

The general performance on this question was poor. 3 out of the 12 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 25%. The lowest score was 3, whilst the highest was 16 out of 20 marks.

This question was compulsory also and required students to explain the circumstances the Supreme Court may depart from its previous decisions. It also required students to explain the objectives of the law of torts, the mirror image rule in contract law, consideration and the defense of non –est factum. Candidates were able to deal with this question. They were also able to bring out all the elements and or features of the same with ease.

The way forward for all prospective candidates is to take enough time to study the topic and be able to support their answer with legal authorities. Future students are advised to revise the topic and appreciate all its incidents. The ZICA manual is adequate for this topic.

QUESTION FOUR

The general performance on this question was excellent. 11 out of the 12 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 91.7%. The lowest score was 4, whilst the highest was 19 out of 20 marks.

This question had 4 parts. The first part required students to distinguish tort law from criminal law. The second part required part required them to describe the nature of the company. The third part required them to explain the conditions that must be met for duty of care to be proved. The last part was on utmost good faith.

QUESTION FIVE

The general performance on this question was very good. 9 out of the 12 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 75%. The lowest score was 8, whilst the highest was 17 out of 20 marks.

The performance under this question was very good. All candidates managed to write notes on hire purchase and finance lease.

(a) They were also able to distinguish between wrongful and unfair dismissal.

(b) They also managed to outline the priority payment of debts.
Students are encouraged to continue working hard.

Overall performance of candidates

Highest mark obtained in this paper: 81%
Lowest mark obtained in this paper: 39%
Overall pass rate in this paper: 91.7%

SUBJECT: D1 – BUSINESS INFORMATION MANAGEMENT

QUESTION ONE

The general performance on this question was very poor. 1 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 14.3%. The highest mark scored was 13 out of 25 while the lowest was 3.

The question was about advantages of using an expert system, outlining phases of the selection process of the system and components of AIS that are used to measure performance of an organisation

The common mistakes were as follows:

- (i) Most students misunderstood the question with the traditional question requesting for four (4) phases of development process
- (ii) Most students could not outline the components of AIS that are used to measure performance of an organisation
- (iii) Very few students got all the three software tests that vendors use

QUESTION TWO

The general performance on this question was poor. 2 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 28.6%. The highest mark scored was 16 out of 25 while the lowest was 5.

The question was about the key components of quality management, expert systems, objectives of data mining and points to consider to overcome human problems with systems design and implementation.

Most students failed to state the four key components of quality management correctly. Some students left this question blank.

QUESTION THREE

The general performance on this question was fair. 3 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 42.9%. The highest mark scored was 23 out of 25 while the lowest was 10.

The question was about areas an organisation that can use Business-to-Business, Business-to-Consumer and Consumer-to-Consumer, conditions that need to be met in

order for an organisation to use an expert system and outlining the software elements contained in decision support systems and their use

The following were the common mistakes noted in this question:

- (i) Most students could not clearly explain areas an organisation can use the model of electronic commerce
- (ii) Most students could not outline the software elements in decision support systems and their use

QUESTION FOUR

The general performance on this question was excellent. 6 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 85.7%. The highest mark scored was 25 out of 25 while the lowest was 11.

The question was about explaining three areas of operations where Information Technology can be applied to improve efficiency, explaining the kinds of structural organisational changes that are enabled by information technology.

The following were the common mistakes noted in this question:

- (i) Most students could not explain how information technology can be applied to improve operational efficiency in organisations
- (ii) Most students could not explain correctly the kinds of structural organisational change that are enabled by information technology namely; automation, rationalization, business process redesign and paradigm shift.

Overall performance of candidates

Highest mark obtained in this paper: 58%
Lowest mark obtained in this paper: 41%
Overall pass rate in this paper: 85.7%

SUBJECT: D2 - FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on this question was fair. 7 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 53.8%. The highest mark scored was 21 out of 25 while the lowest was 7.

Part (a) required candidates to explain the three factors that affect the length of the cash operating cycle and perform some simple computations for inventory value, receivables value, payables value and working capital. This part was poorly answered as a significant majority of candidates failed to respond to profitability/liquidity, management efficiency and industry norms as factors but rather they focused on what affects inventory turnover period, receivables period and payables period. Further, candidates were calculating days rather than the actual values as the days were provided in the question.

Part (b) required candidates to determine the economic order quantity. This part was equally badly done. The biggest challenge was to estimate the holding cost and the annual demand.

Part (c) required candidates to explain the three objectives of JIT technique and how they may be achieved. The first part of the question was well responded to, however, how to achieve the objectives proved to be challenging to the candidates.

Part (d) required candidates to state the demerits of making sales on credit and factors to consider when formulating the credit control policy. This part was well answered.

Part (e) required candidates to discuss the two roles of financial intermediaries when it comes to short-term finance. This part was disappointingly badly performed for no apparent reasons.

QUESTION TWO

The general performance on this question was good. 7 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 53.8%. The highest mark scored was 16 out of 25 while the lowest was 8.

Some candidates were not able to accurately calculate the ARR despite being a basic component of Investment Appraisal topic.

Candidates did not clearly distinguish between pre-emptive rights and rights issue.

Equally they could not explain the meaning of a bond issue and an equity issue and what a placing is. Candidates should read more on various ways of raising finance through Equity, Loans, Bonds etc.

QUESTION THREE

The general performance on this question was very poor. 2 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 16.7%. The highest mark scored was 16 out of 25 while the lowest was 3.

This question was about the Weighted Average Cost of Capital (WACC). Part (a) required candidates to explain the meaning of WACC. This part was well answered, even though some candidates exhibited lack of knowledge.

Part (b) required candidates to calculate the WACC. This part was poorly answered. Candidates had challenges in calculating the dividend growth rate and market values for the cost of capital components. Some weaker candidates failed to distinguish between redeemable and irredeemable debt thereby using inappropriate formula for estimating the cost of debt.

Part (c) required candidates to discuss the usefulness of WACC as discount rate in the investment appraisal. This part was generally badly answered as a significant majority of the candidates focused on the weaknesses of WACC rather than its relevance. Most candidates provided possible effects of increase or decrease of WACC which did not directly respond to the question requirement.

QUESTION FOUR

The general performance on this question was good. 8 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 61.5%. The highest mark scored was 18 out of 25 while the lowest was 7.

In the examination of liquidity position of Bulio Enterprises, it was important for the candidates answer to first define liquidity and calculate then calculate both current and quick acid ratios. This would have been the basis for the report to them examine the liquidity position of Bulio Group Ltd. The question provided the current assets and current liabilities which were to be extracted from the statement of financial position for the year ended 31st March 2022 and 31st March, 2021.

Some responses examined and discussed the liquidity of Bulio Group Ltd without calculating the liquidity ratio which were the basis of the discussion.

The working capital management for Bulio Enterprises involved the determination of the difference between the current assets and current liabilities and individual current assets and current liabilities discussed. Comparisons made between 2022 and 2021 for each one of them. This part of the question was a follow-up from question part (i) except that this required more detailed analysis on each of the current assets and current liabilities. The three working capital policies i.e aggressive, conservative and moderate should have been discussed in responding to this part of the question. Most of the answers failed to introduce these policies in their responses.

Adequate recommendations regarding financial management should have been explained by candidates who attempted the question. However, this was not done hence loss of marks.

Overall performance of candidates

Highest mark obtained in this paper: 64%
Lowest mark obtained in this paper: 31%
Overall pass rate in this paper: 46.2%

SUBJECT: D3 - BUSINESS TAXATION

QUESTION ONE

The general performance on this question was good. 5 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 55.6%. The highest mark scored was 17 out of 25 while the lowest was 7.

This question was on three syllabus items of, Taxation of mining companies, Taxation of insurance businesses and Value for duty purposes (VDP).

In part (a) of the question, candidates were required to calculate tax for a given mining company.

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

- (i) Wrongly calculated the tax adjusted mining profit.
- (ii) Failure to recall that dividends are subjected to withholding tax at the rate of 15% and is a final tax, which means that dividends are not included in the income tax computations.
- (iii) Lack of knowledge that the wear and tear allowance on mining assets is 20% and not 25% as for other businesses.
- (iv) Wrongly computed the company income tax payable.
- (v) Failure to recall that the WHT on royalties should be treated as the tax credit when computing the taxable profit.

In part (b) candidates were required explain the difference between General and Life insurance giving examples of products provided under each of these insurance policies and to state the items which should be included to arrive at a profit of a non-Zambian resident company carrying on an insurance business other than life insurance.

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

- (i) Failure to explain the difference between General insurance and Life insurance.
- (ii) Lack of knowledge on how profits on the items which should be included to arrive at profit for non- Zambian resident companies carrying business on insurance business other than life insurance.

In part (c) of the question, candidates were explain the meaning of the transaction value for customs duty purposes and to state four (4) conditions that should be met in order for the transaction value method to be used.

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

- (i) Failure to explain clearly the transaction value for customs duty purposes.

- (ii) Failure to explain the conditions that should be met in order for the transaction value method to be used.

QUESTION TWO

The general performance on this question was good. 5 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 55.6%. The highest mark scored was 21 out of 25 while the lowest was 11.

This question was on Value added tax and had two parts (a) and (b). In part (a) candidates were required to explain the importance of establishing the tax point in respect of supplies for VAT purposes and provide the five (5) conditions needed for Input VAT to be recoverable and also to calculate the VAT payable/claimable by a given TIKU Ltd for May 2023.

The performance on this part of the question was good as most candidates were able to explain the tax point. However, some candidates had challenges to explain the five (5) conditions needed for input VAT to be recoverable. Other challenges observed include;

- (i) Failure to compute the correct figure for the output VAT tax.
- (ii) Failure to compute the correct figure for input tax.
- (iii) Lack of knowledge that VAT on petrol is now standard rated
- (iv) Lack of knowledge that telephone and internet services are zero-rated.

In part (b), candidates were required to explain two (2) circumstances which may lead the Zambia Revenue Authority to revalue imported vehicles and to calculate the import taxes paid by a given Chiloshi.

The performance on this part of the question was very good. However, the following weaknesses were noticed;

- (i) Failure to explain the circumstances which will lead to ZRA to revalue imported motor vehicles.
- (ii) Failure to use the correct rate approved by the Commissioner General when computing the value for duty purposes.
- (iii) Failure to read the correct figures for customs and Excise duty from tables for second hand motor vehicles.

QUESTION THREE

The general performance on this question was excellent. The 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 100%. The highest mark scored was 17 out of 25 while the lowest was 13.

This question was on the taxation of a public limited company involved in farming and had four parts (a) to (d).

In parts (a) to (c), candidates were required to calculate capital allowances, tax adjusted business profits and income tax payable for the tax year 2023.

The performance was very good as the majority of candidates managed to score most of the marks on capital allowances. Some candidates few challenges such as:

- (i) Lack of knowledge that the restricted amount on farm dwelling has changed to K100,000 from K20,000.
- (ii) Failure to recall that the wear and tear allowance on Toyota Hilux double cab van is 20% and not 25% because it should be treated as a non-commercial vehicle.

(b) In part (d), candidates were required to explain the circumstances under which income from farming may be averaged.

The performance was above average. Some challenges noticed include;

- (i) Failure to compute the correct taxable farming profit.
- (ii) Failure to use the correct rate on free accommodation which has now changes to 37.5% as opposed to 30% before the tax year 2023.
- (iii) Failure to identify the disallowable items which should have been added to net profit before tax.
- (iv) Lack of knowledge that farming profit should have been taxed at 10%, while non-farming profit should have been taxed at 30%.

QUESTION FOUR

The general performance on this question was poor. 3 out of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 37.5%. The highest mark scored was 20 out of 25 while the lowest was 7.

This question was on various financing options of manufacturing equipment and had two parts (a) and (b).

In part (a) candidates were required to evaluate four financing options of borrowing from a bank, hire purchase, purchase under an operating lease and issue of shares at a premium.

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

- (i) Failure to explain the tax implications borrowed funds used to purchase equipment.
- (ii) Failure to explain the tax implications of acquiring equipment under hire purchase arrangement.
- (iii) Failure to explain the tax implications of acquiring equipment under an operating lease.

In part (b), candidates were required to explain property transfer and value added taxes implications of the entry and exit of a company from a group.

The performance was below average. The challenges were:

- (i) Failure to explain the tax implications of an entry of the company into the group.
- (ii) Failure to explain the tax implications of an exit of the company from the group.

Overall performance of candidates

Highest mark obtained in this paper: 68%

Lowest mark obtained in this paper: 38%

Overall pass rate in this paper: 77.8%

SUBJECT: D4 - PERSONAL TAXATION

QUESTION ONE

The general performance on this question was fair. 7 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 58.3%. The highest mark scored was 25 out of 25 while the lowest was 2.

This question was on tax planning for a sole trader involving a case of engaging a close relative into the business as either an employee or a partner and had three parts (a) to (c).

In these parts, candidates were required to calculate the outcome of engaging the relative as an employee and on the other hand, the outcome of engaging the relative as a partner in the business and advising accordingly on the most beneficial option to the business.

The performance on this question was average. The following weaknesses were noticed:

- (i) Failure to compute correct figure for the taxable business profit a tax payer was engaged as an employee.
- (ii) Failure to compute the correct figure to income tax payable.
- (iii) Failure to compute capital allowances on some assets.
- (iv) Failure to compute the correct taxable amount for each partner if the business was run as a partnership.
- (v) Failure to compute the correct net income for the tax payer and also to advise whether the tax payer should be engaged as a partner or employee.

QUESTION TWO

The general performance on this question was very good. 10 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 76.9%. The highest mark scored was 19 out of 25 while the lowest was 4.

This question was based on taxation of employment income where a share option scheme was in operation and had four parts (a) to (d).

In parts (a) to (c), candidates were required to explain the following share option scheme issues:

Taxation implications for of exercising a given 300,000 share options on 1 September 2022,

The sale of 100,000 shares in company where the option was in fact approved on 1 December 2022 and conditions that must be met for the company to have its share option scheme approved for tax purposes.

The performance was slightly above average. However, the following weaknesses were observed:

- (i) Failure to explain the tax implications of the exercising of share options.
- (ii) Failure to explain the tax implications of sale of shares.
- (iii) Failure to compute the property tax and income tax payable on the above transactions.
- (iv) Failure to explain the tax treatment of any gain arising to an individual on allotment of shares under an approved share option scheme and to calculate this gain.
- (v) Failure to explain the conditions for approval of share option scheme.

In part (d) candidates were required to compute the income tax payable by a given Ngosa for the tax year 2023

The performance on this part of the question was slightly below average. Some weaknesses observed include;

- (i) Wrongly calculated the taxable salary for an employee before and after the increment.
- (ii) Wrongly calculated the taxable amounts for allowances entitled by an employee.
- (iii) Failure to compute the correct total taxable amount for both earned and investment income.
- (iv) Failure to compute the income tax payable.

QUESTION THREE

The general performance on this question was very good. 9 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 69%. The highest mark scored was 21 out of 25 while the lowest was 10.

This question was aimed at examining candidates on their understanding of the differences between a person who is employed and one who is self-employed and basis periods related to commencement and cessation of businesses and had four parts (a) to (d).

In parts (a) and (b) candidates were required to explain the following employment issues:

- (i) Reasons why the ZRA Inspectors queried the self-employed status of a given tax payer at a given company and reasons which the given Joseph and BCC Plc in the question would put forward to defend the self-employed status of Joseph.

In part (a) the performance was quite good as most candidates scored good marks on this part. However, a few weaknesses were observed such as the following:

- (i) Failure to distinguish some factors related to employee and self- employed.
- (ii) Failure to identify those factors which indicated that the tax payer was self-employed.

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

The performance on this part of the question was also good except for the following weaknesses:

- (i) Failure to compute capital allowances for certain assets.
- (ii) Failure to compute the correct taxable income.
- (iii) Failure to compute the income tax payable.

And in part (d), candidates were required to explain the commencement rules which are applied to determine the basis of assessment for profits made in the year a trade commences and to outline the cessation rules which are applied to determine the basis of assessment for profits made in the year a trade ceases clearly explaining the circumstances in which each rule applies.

The performance on this part of the question was poor due to the following challenges faced by most of the candidates:

- (i) Lack of knowledge on the meaning of basis period.
- (ii) Failure to explain and apply the commencement rules relating to the basis period.
- (iii) Failure to explain and apply the cessation rules relating to the basis period.

QUESTION FOUR

The general performance on this question was fair. 6 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 46.2%. The highest mark scored was 20 out of 25 while the lowest was 3.

This question was on identification of type of taxes that would be levied in given case studies in the given scenarios and also on the general understanding of double taxation relief and had two parts (a) and (b).

In part (a) candidates were required to explain, with reasons, how each of the given individuals were to be assessed to tax and to compute the amount of tax arising on the income generated by each person in the tax year 2023.

The performance was average. The following are some of the challenges faced by most candidates:

- (i) Failure to identify the type of tax to which rental income is chargeable.
- (ii) Failure to compute the amount of taxable rental income.
- (iii) Failure to compute the amount of income tax payable on rental income.
- (iv) Failure to explain how an individual has both incomes from employment and retail trade would be taxed.
- (v) Failure to compute the income tax payable by such an individual.
- (vi) Failure to compute the presumptive tax payable by an individual running the transportation business.
- (vii) Failure to compute the turnover tax payable per month.

In part (b) of the question candidates were required to explain the meaning of Double Taxation relief and to describe three (3) methods that can be used to give double taxation relief to a Zambian resident individual receiving income from foreign sources.

The performance was quite good on this part of the question. However, candidates had faced the following challenges:

- (i) Failure to correctly explain double taxation relief applicable to an individual who received foreign income.
- (ii) Failure to explain each method of double taxation relief.

Overall performance of candidates:

Highest mark obtained in this paper: 82%
Lowest mark obtained in this paper: 29%
Overall pass rate in this paper: 69.2%

SUBJECT: D5 - INTERNATIONAL TAXATION

QUESTION ONE

The general performance on this question was excellent. 8 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 88.9%. The highest mark scored was 24 out of 25 while the lowest was 10.

This question was on the taxation aspects of a public limited company with foreign company connections and had three parts (a) to (c).

In parts (a) and (c) candidates were required to explain any three methods of according double taxation relief (DTR) and any five (5) key benefits of entering into such agreements.

And in part (b) candidates were required to calculate income tax payable by a foreign individual resident in Zambia

A good number of candidates answered both parts well. Despite a good number of candidates scoring high marks in part (b), it was disappointing to note that some were failing to correctly compute the income tax payable. Most of the candidates failed to correctly calculate the double taxation relief applicable.

In part (c) general comments about the benefits of DTA were observed and those candidates ended up losing vital marks

QUESTION TWO

The general performance on this question was very good. 7 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 77.8%. The highest mark scored was 23 out of 25 while the lowest was 9.

This question was related to foreign direct investment (FDI) as well as Regional Economic Groupings and had two parts (a) and (b) where candidates were required to explain the following related issues:

- (i) Reasons why Foreign Direct Investment (FDI) is important in Zambia.
- (ii) Strategic reasons which can entice Multinational enterprises to engage in Foreign Direct Investment
- (iii) Advantages and disadvantages of regional economic groupings.

Comment on general performance of candidates:

Both parts of question (a) were well answered by a good number of candidates and ended up scoring high marks.

Again in part (b) of the question most candidates scored very high marks

QUESTION THREE

The general performance on this question was very poor. 2 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 22.2%. The highest mark scored was 15 out of 25 while the lowest was 7.

This question was on the tax implications of goods transferred and loans provided between multinational companies and had three parts (a) to (c). In these parts candidates were required to explain and calculate where applicable the following issues related to business dealings between multinational companies:

- (i) How obtaining excessive debt finance from foreign members of the group at higher interest rates can be used to reduce tax liability.
- (ii) How the transfer of goods within the group can be used to reduce tax and
- (iii) Problems of arm's length principle in relation to transfer pricing.

Comment on general performance of candidates:

In part (a) of this question most candidates failed to fully explain the requirements of the question and ended up stating general comments on debt finance and inter group exchange of goods, this resulted in a loss of vital marks.

Part (b) had a border line response.

In part (c) had knowledgeable candidates who were able to state and compute the tax implications of the transfer of goods. However, some ill prepared candidates failed to state and compute the tax implications as required

QUESTION FOUR

The general performance on this question was very good. 6 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 66.7%. The highest mark scored was 25 out of 25 while the lowest was 7.

This question was directed at tax avoidance issues in relation to the OECD guidelines and had four parts (a) to (d) where candidates were variously required to explain the following in relation to measures related to international tax avoidance:

- (i) Factors for the identification of tax havens as defined by the OECD.
- (ii) Cooperation models between revenue authorities of different countries.
- (iii) Recommendations by Financial Action Task Force (FATF) on money laundering that helps to combat tax evasion and
- (iv) The difference between the concept of source and the concept of residence as they apply in international taxation.

The entire part of this question was well answered by most candidates and ended up scoring high marks, despite a few who failed to do so in part (d) of the question.

In part (d) a few candidates failed to state the difference between the concept of source and the concept of residence.

Overall performance of candidates:

Highest mark obtained in this paper:	76%
Lowest mark obtained in this paper:	50%
Overall pass rate in this paper:	100%

SUBJECT: D6 - TAX AUDIT AND INVESTIGATIONS

QUESTION ONE

The general performance on this question was very good. 10 out of the 16 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 62.5%. The highest mark scored was 20 out of 25 while the lowest was 8.

This question had four parts (a) to (d). In part (a) candidates were required to list six (6) matters which would be relevant in an introductory meeting between a tax auditor and a taxpayer.

In parts (b) and (c) candidates were required to explain elements of a legal framework and the meanings of relevant and reliable evidences respectively.

And in part (d) candidates were required to calculate final tax that would be payable in a given bank.

Most of the candidates correctly stated the matters as per requirement of part (a) and (b) and scored good marks. However, a high number of candidates failed to explain the meaning of relevant evidence and reliable evidence.

A high number of candidates failed to compute the income tax payable because of wrong treatment of disallowable and allowable.

QUESTION TWO

The general performance on this question was good. 8 out of the 16 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 50%. The highest mark scored was 21 out of 25 while the lowest was 9.

This question had three parts (a) to (c). In parts (a) and (b), candidates were required to explain four (4) key principles of a quality audit, misrepresentations which can attract sanctions to be imposed on a tax payer and the advantages of preference shares to the company.

In part (c), candidates were required to explain the tax treatments of discounts to airtime dealers and to subscribers, network switch expenditure and roaming charges and income

There was good performance by most knowledgeable candidates. However, some of the candidates stated general principles instead of principles of a good quality audit and lost valuable marks especially in part (a) (i).

Some ill prepared candidates were unable to state the advantages of preference shares to a company and ended up mentioning general comments about preference shares. Part (c) was generally well answered by most candidates.

QUESTION THREE

The general performance on this question was excellent. 14 out of the 16 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 87.5%. The highest mark scored was 24 out of 25 while the lowest was 11.

This question had four parts (a) to (d) where candidates were required to explain the following issues:

- (i) Reasons why tax audits are important in achieving the ZRA's mission
- (ii) Meanings of review of unreported income and intelligence gathering
- (iii) Types of tax audits and
- (iv) Main theories that have contributed to the evolution of audit theory.

Part (a) was well answered by prepared candidates, despite a few of them who failed to state the five (5) reasons why a tax audit are important.

A high number of candidates had challenges in correctly explaining the meaning of unreported income and risk assessment process and failed to gain the full marks. Part (c) and (d) were well answered by most candidates and scored high marks.

QUESTION FOUR

The general performance on this question was poor. 4 out of the 16 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 25%. The highest mark scored was 20 out of 25 while the lowest was 5.

This question had three parts (a) to (c) where candidates were variously required to explain the following tax audit issues:

- (i) Meanings of analytical review, investigative approach , record examination and third party information
- (ii) Importance and qualitative characteristics of audit working papers and
- (iii) Matters which would be discussed with tax payers when finalizing the tax audit.

In part (a) most of the candidates managed to explain the meaning of the examination techniques despite a few who could not properly fully explain the meaning of record examination and analytical review.

In part (b) (ii) a high number of candidates were unable to correctly articulate the qualitative characteristics of audit working papers, it was unfortunate that sub headings were not stated by most candidates and lost the full marks.

Part (c) was generally well answered by most candidates.

Overall performance of candidates:

Highest mark obtained in this paper: 78%

Lowest mark obtained in this paper: 42%

Overall pass rate in this paper: 81.3%