



SEPTEMBER 2023

CHIEF EXAMINERS' REPORTS

DIPLOMA IN ACCOUNTANCY PROGRAMM

SUBJECT: DA1 FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was fair. Of the 50 that attempted the question, 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38% was recorded. The highest score was 14 while the lowest was 0 out of 20.

QUESTION TWO

The general performance on the question was very good. Of the 50 that attempted the question, only 43 managed to obtain at least 10 out of the available 20 marks. A pass rate of 86% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Part "a" required candidates to prepare a statement of Profit or Loss statement for a sole trader. This part was well answered.

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

Part "c" required candidates to establish the bank balance after taking into account two items. Many candidates did not realize that the given balance was an overdraft and hence subtracting the bank charges instead of adding it to the given balance.

QUESTION THREE

The general performance on the question was very poor. Of the 30 that attempted the question, none managed to obtain at least 10 out of the available 20 marks. A pass rate of 0% was recorded. The highest score was 9.5 while the lowest was 0 out of 20.

Part (a) (i) required candidates to calculate the additions to non-current assets. Many candidates did not take into account the disposal cost i.e. (6,500 – 5,000). The correct way should have been (6,500 – 4,750).

Part (a) (ii) required candidates to calculate the Profit or Loss on sale of non-current assets. This part was correctly answered.

Part (a) (iii) required candidates to calculate the depreciation charge for the year ended 31 March 2021. Candidates failed again by getting the difference i.e. (3,000 – 2,000). The correct way should have been (3,000 – (2,000 – 100)).

Part (b) required candidates to prepare a statement of cash flows. Very poor answers were presented and the formats used were equally wrong. Candidates are encouraged to cover the syllabus adequately as they prepare for examinations.

QUESTION FOUR

The general performance on the question was very poor. Of the 19 that attempted the question, none managed to obtain at least 10 out of the available 20 marks. A pass rate of 0% was recorded. The highest score was 8.5 while the lowest was 0 out of 20.

Part (a) required candidates to prepare two simple trading accounts for Cafeteria and sale of new sports equipment. Candidates had challenges using mark-up / margin relationship on new equipment closing inventory. This part required candidates to calculate the profit figure first ($\frac{50}{150} \times 135,000 = 45,000$) and then get the cost of sales (135,000 – 45,000 = 90,000) before getting the closing inventory (225,000 – 90,000 = 135,000) as closing inventory figure.

Part (b) required candidates to prepare a statement of subscription income i.e. subscription account for 2021. Those who attempted this part failed to present reasonable answers. Candidates are reminded that what members pay in advance represent a liability for the club.

Part (c) required candidates to prepare an Income and Expenditure account. Many candidates just picked figures from the list of Receipts and payments and put them as income and expenditure respectively. Students must note that most items require adjustments before including them in Income and Expenditure account.

Part (d) required candidates to prepare the statement of Financial Position. No reasonable answers were given on this part. The few candidates that attempted this part seemed to have had no idea of what was required of them.

QUESTION FIVE

The general performance on the question was poor. Of the 47 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 21.3% was recorded. The highest score was 17 while the lowest was 0 out of 20.

Part (a) (i) required candidates to prepare a manufacturing account. Candidates failed to calculate the purchases of raw materials (Purchase = 360,000 + 24,000 – 25,000) as well as effect 15% mark up on cost of production.

Part (a) (ii) required candidates to prepare a statement of Profit or Loss for the year. Candidates failed to clearly state profit earned on cost of production.

Part (b) required candidates to explain four (4) enhancing qualitative characteristics of useful financial accounting information. This part was reasonably answered although some candidates were giving qualities of good information.

QUESTION SIX

The general performance on the question was poor. Of the 41 that attempted the question, only 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 12.2% was recorded. The highest score was 15 while the lowest was 0 out of 20.

Part (a) (i) required candidates to identify four (4) uses of financial reports under public sector accounting. Some candidates included shareholders and Banks and lost out on easy marks.

Part (a) (ii) required candidates to explain four (4) advantages and four (4) disadvantages of cash accounting under public sector accounting. Many candidates who attempted this question gave good answers.

Part (b) required candidates to list four (4) advantages of accounting packages. This part was well answered.

Overall Performance of Candidates

Highest mark obtained in this paper: 67%

Lowest mark obtained in this paper: 8%

Overall pass rate in this paper: 12%

SUBJECT: DA2 - QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was poor. Of the 37 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 29.7% was recorded. The highest score was 14 while the lowest was 2 out of 20.

The questions in this section were multiple choices and covered the entire syllabus. The performance on this section was not so impressive. The question covered the entire syllabus hence students had a wide range of questions to answer. In most cases, candidates lost marks for using wrong formulae when computing the required tasks.

QUESTION TWO

The general performance on the question was poor. Of the 17 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 11.8% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was divided into two parts. Part (a); candidates were required to use the given data to find the regression line and find the trend value for all the years. It was observed that the performance in this question was not good. Candidates had challenges in solving the given questions because they didn't know what values of x to use in place of the given years.

Part (b) of the question required candidates to find the balance on an account using nominal rates and eventually compute the annual percentage rate. It was observed that most candidates knew the correct formula but could not use correct conversions of rates using the given nominal rate. Marks were therefore lost on this part of the question due to computational errors.

QUESTION THREE

The general performance on the question was poor. Of the 35 that attempted the question, only 8 managed to obtain at least 10 out of the available 20 marks. A pass rate of 22.9% was recorded. The highest score was 12 while the lowest was 0 out of 20.

Part (a) of the question involved a table of grouped data and candidates were required to find, mean, median and the mode. The result showed that most candidates knew how to calculate these measures except for a few who used formulae for ungrouped data.

Part b of the question required candidates to find the future value given an initial deposit of K40,000. This is a compound amount problem for 15 years plus an annuity of K1,000. The information given on this investment of money was not understood by the Candidates. There was an observed lack of understanding of correct formula to be used hence most candidates got wrong answers.

QUESTION FOUR

The general performance on the question was poor. Of the 31 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.5% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question was divided into two parts. Part (a) of the question required candidates to extract correctly, information from the given scenario and build a probability distribution table. The question also required candidates to use the distribution to compute the mean and the standard deviation. The performance on this part of the question was fairly good, but it was observed that a good number of candidates struggled to get the correct standard deviation.

Part (b) of the question required candidates to compute the spearman's rank correlation coefficient and comment on the result. Some Candidates were able to calculate the required measure, others did not just know what to do. It was observed that most candidates don't know how to correctly interpret the spearman's rank correlation coefficient.

QUESTION FIVE

The general performance on the question was very good. Of the 31 that attempted the question, 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 64.5% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This question was divided into two parts. Part (a) required candidates to use the given data to simulate the average yields and the prices. The performance on this part of the question was good. Most Candidates demonstrated some good understanding of the topic, except for a few who did not know what to do.

Part (b) required the candidates to use the given data to compute the Net Present Values for the two given projects and conclude which project is worthwhile. The performance of candidates on this part of the question was not so good. Most of the candidates computed wrong NPV's and concluded wrongly.

QUESTION SIX

The general performance on the question was very good. Of the 28 that attempted the question, 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was divided into two parts. Part (a) of the question required candidates to state and describe the five characteristics of good information. Most candidates performed well on this part of the question.

Part (b) required candidates to use the method of normal distribution to solve a given scenario. There was good performance on this problem though there was an observed failure to correctly use the Z tables in finding probabilities.

Overall Performance of Candidates

Highest mark obtained in this paper: 73%

Lowest mark obtained in this paper: 14%

Overall pass rate in this paper: 25%

SUBJECT: DA 3 – BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was poor. Of the 47 that attempted the question, only 13 managed to obtain at least 10 out of the available 20 marks. A pass rate of 27.7% was recorded. The highest score was 14 while the lowest was 0 out of 20.

This was a compulsory multiple choice question made up of 10 questions. There was no specific question that could be said to have been difficult to candidates. The marks were evenly distributed for all the 10 multiple choice questions.

QUESTION TWO

The general performance on the question was fair. Of the 37 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 48.6% was recorded. The highest score was 19 while the lowest was 3 out of 20.

The question was divided into two (a) parts namely (a) and (b). Part (a) was well attempted. However, the common mistakes candidates make were poor graphs and poor explanations. Some graphs showed no shift in one of the curves while others showed double shifts. At this level of study, one curve shifts. Hence the key is to understand which curve is affected by the change in the given concept and what is the direction of change? Remember, the initial equilibrium position must be presented first. Majority of the candidates were able to get some marks on this part of the question. Marks are always allocated for the graph and the explanation. When one is missing, full marks will not be obtained.

Part (b) on the other hand was poorly attempted by majority of the candidates. Many failed to explain what market demand is (the sum total of individual demands).

QUESTION THREE

The general performance on the question was very good. Of the 37 that attempted the question, only 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was divided into three (3) sections (a), (b) and (c) with the following observations made on the respective parts:

(a) Many candidates were able to answer this part of the question correctly. Some of the candidates confused free market economic system with perfect competition.

- (b) The performance on this part of the question was average. Candidates need to relate to the objectives of free market enterprises, namely profitability. So goods that are not profitable could not be produced.
- (c) This was fairly done although some non-economic answers were very prevalent.

QUESTION FOUR

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

The question was divided into five (5) sections (a) to (e). The performance was as indicated below:

- (a) Majority of the candidates got the definition correct. Weak candidates related marginal revenue to units produced instead of units sold. Marginal revenue is the change in total revenue when one additional unit of a good is sold not produced
- (b) Some candidates could not present the formula as required namely $MR = \text{Change in Total Revenue} / \text{Change in Quantity}$.
- (c) The performance on this part of the question was very poor. The reason is that there is perfect elasticity of demand
- (d) Again performance was poor. Candidates needed to know that the demand curve in this market structure is a horizontal straight-line with perfect elasticity. Many candidates discussed a downward sloping demand curve!
- (e) This was poorly done again. Many candidates were lost. What was required were the three positions that a firm may find itself in namely maximizing profit ($MR = MC$), Expanding ($MR > MC$) and contracting ($MR < MC$).

QUESTION FIVE

The general performance on the question was poor. Of the 40 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 25% was recorded. The highest score was 16 while the lowest was 0 out of 20.

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

- (a) This was well answered by the majority of candidates, though some candidates presented products offered by financial intermediaries.
- (b) Performance was average. The common mistake observed was that some candidates described functions of the Bank of Zambia as opposed to the methods it uses to control money supply.

- (c) This was poorly done. Candidates seemed not to know what monetary policy is let alone outlining its limitations. Candidates are encouraged to study the entire syllabus and address the specific requirements of each question.

QUESTION SIX

The general performance on the question was good. Of the 30 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was on Market Structures, a very popular topic in this examination. It was divided into three (3) parts namely (a), (b) and (c) and as follows:

- (a) This was poorly done. The common mistake was failure to calculate the multiplier which should then be multiplied by the initial deposit to find broad money supply
- (b) Performance was average. The common mistake was to confuse injections with withdrawals in the circular flow. Some candidates presented taxes, imports and savings instead of government expenditure, investment and exports
- (c) This was well answered by majority of candidates. The common mistake was that many candidates failed to make correct substitutions in the identity let alone solving the equation. Further, most candidates failed to define a closed economy.

QUESTION SEVEN

The general performance on the question was fair. Of the 22 that attempted the question, only 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.9% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question was divided into three (3) parts namely (a) and (b) as follows:

- (a) This was divided into (i) and (ii). There was average performance. Many candidates seemed not to know what a freely floating exchange rate system is all about. Hence they could not outline its advantages and disadvantages. Candidates are urged to study the entire syllabus in preparing for this examination. There was evidence of leaving out certain topics (question spotting).
- (b) Performance was average. The common mistake was to confuse injections with withdrawals in the circular flow. Some candidates presented taxes, imports and savings instead of government expenditure, investment and exports
- (c) This was well answered by majority of candidates. The common mistake was that many candidates stated assets and liabilities from the accounting point of view. For example, bank overdraft as a liability to the bank! Similarly, loans made by banks are not liabilities but assets of the bank.

Overall Performance of Candidates

Highest mark obtained in this paper: 70%

Lowest mark obtained in this paper: 16%

Overall pass rate in this paper: 51.1%

SUBJECT: DA4 - INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was good. Of the 49 that attempted the question, 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 53.1% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This question was multiple-choice and was attempted by 49 candidates present. The general performance on this question was average. This was a compulsory question and all candidates answered the question.

QUESTION TWO

The general performance on the question was good. Of the 28 that attempted the question, 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 16 while the lowest was 2 out of 20.

The question was about the different types of information typically found on an intranet web page and stating the differences between MS Word and MS Excel.

The common mistakes were as follows:

- (a) Most students did not answer this part of the question correctly, the catch word was "intranet" and most of them were describing the different types of information systems and not the types of information found on an intranet web page
- (b) A few students could not state or correctly explain the difference between MS Word and MS Excel

QUESTION THREE

The general performance on the question was good. Of the 37 that attempted the question, only 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 54.1% was recorded. The highest score was 18 while the lowest was 1 out of 20.

The question was about explaining with examples, five advantages of implementing a database in an organisation, explaining three functions of the operating systems and explaining the role of a miner in block chain transactions.

The following were the common mistakes noted in this question:

- (a) Most students were explaining operations and functions of a Database instead of explaining advantages of implementing a Database in an organisation to make work easier
- (b) Most students did not understand or did not know the new terminology in databases, block chain, hence they could not explain the correct role a miner does in block chain transactions

QUESTION FOUR

The general performance on the question was very poor. Of the 33 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 6.1% was recorded. The highest score was 10 while the lowest was 0 out of 20.

The question was about writing the structure of an excel =IF() function, listing four types of Tab stops in word processing, explaining internet acronyms and explaining how you would protect the intranet against hackers.

The following were the common mistakes noted in this question:

- (a) Most students could not write the structure of the =IF() Function correctly. The IF condition was not being outlined to have the logical test in the formulae
- (b) Most students could only write the internet acronyms WWW, HTTP and URL, but could not explain what they are, hence they lost marks for not explaining them
- (c) Most students could not explain how to protect information on intranet against hackers well, but just gave general explanation they experience on the internet.

QUESTION FIVE

The general performance on the question was excellent. Of the 39 that attempted the question, only 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.2% was recorded. The highest score was 19 while the lowest was 5 out of 20.

The question was about explaining the contents/elements of a memo and outlining the limitations of using emails.

The common mistakes were as follows:

- (i) Wrong explanations on all items given in a question

- (ii) references defines as a subject line
- (iii) An introduction was explained it was for face to face conversation when one person meets new people
- (iv) A conclusion was presented as an introduction
- (v) Failure to attempt the question.

The limitations of email were presented as advantages of using emails for communication.

- (vi) Repeated answers in most cases
- (vii) Inadequate content on answers provided

QUESTION SIX

The general performance on the question was excellent. Of the 43 that attempted the question, only 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 95.3% was recorded. The highest score was 18 while the lowest was 7 out of 20.

The question was about barriers to effective communication, the KISS concept in business communication and explaining the 7Cs of communication.

The common mistakes were as follows:

- (i) Mixed up the S for the PASS concepts with the S for the KISS concept. The KISS concept was presented as knowledge, information, style and structure
- (ii) Any other words as long as those words start with K, I, S, and S were presented as answers which was not supposed to be the case.
- (iii) Wrong content – some candidates did not demonstrate knowledge of the subject matter characterized with low quality answers.
- (iv) Some candidates used different C's which were not part of the required and correct 7C's.
- (v) As long as any word starts with C, such as cure, care, course was presented as an answer, which was not supposed to be the case.

QUESTION SEVEN

The general performance on the question was poor. Of the 16 that attempted the question, only 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 18.8% was recorded. The highest score was 15 while the lowest was 2 out of 20.

The question was about the formal and informal meetings.

The common mistakes were as follows:

- (i) candidates presented purposes of holding meetings instead of roles of participants
- (ii) Repeated answers
- (iii) Some candidate roles of a chairperson or a secretary in some cases.
- (iv) Failure to attempt this part of the question
- (v) Incomplete answers were presented
- (vi) Differences presented for formal meetings did not match with those for informal meetings ie – correct answers were presented under formal meetings, but answers under informal meetings were wrong.
- (vii) Very poor grammar

Overall Performance of Candidates

Highest mark obtained in this paper: 69%

Lowest mark obtained in this paper: 17%

Overall pass rate in this paper: 63.3%

SUBJECT: DA5 - COST ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 85 that attempted the question, only 31 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.5% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This is a compulsory question of multiple choice questions.

QUESTION TWO

The general performance on the question was very poor. Of the 77 that attempted the question, only 7 managed to obtain at least 10 out of the available 20 marks. A pass rate of 9.1% was recorded. The highest score was 20 while the lowest was 1 out of 20.

The question examined cost behaviour and analyzing costs into variable and fixed costs. Part (a) required candidates to explain and give one example of the following: (i) Variable cost; (ii) Fixed cost; (iii) Mixed cost.

The question was well answered by most candidates. However, a few had difficulties giving an example of a mixed cost.

Part (b) required candidates to calculate the variable cost per unit and the fixed cost. The question was poorly answered by most candidates. Candidates did not use the high-low method to calculate the variable cost and the fixed cost despite the two activity levels being provided. Failure to use the high-low method properly led to wrong answers for a simple and straight forward question. Furthermore, many did not know that the variable cost and fixed cost of the selling and distribution overhead were based on the sales units and not the production units.

Part (c) required candidates to estimated costs for a particular production and sales activity.

This part was poorly answered by most candidates because it was not a stand lone question but derived from question (b) above. This means that whoever got it wrong at (b) above could not get it right at this stage.

QUESTION THREE

The general performance on the question was fair. Of the 63 that attempted the question, only 27 managed to obtain at least 10 out of the available 20 marks. A

pass rate of 42.9% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Question Three examined labour costing. In part (a) candidates were required to calculate the earnings for each of the three workers. Parts (b) and (c) were on costs of labour turnover and reasons for labour turnover, respectively.

Part (a) was poorly answered because many candidates failed to categorize the different rates for each unit.

In parts (b) and (c) a good number of candidates scored good marks.

QUESTION FOUR

The general performance on the question was poor. Of the 57 that attempted the question, only 10 managed to obtain at least 10 out of the available 20 marks. A pass rate of 17.5% was recorded. The highest score was 14 while the lowest was 1 out of 20.

This question examined candidates on the preparation of (a) a process account; (b) calculation of profit per bottle; and (c) calculation of both the cost of finished production and WIP.

Parts (a) and (b) were generally answered well but most candidates did not demonstrate understanding of the preparation of statements of equivalent units and evaluation in part (c). Going forward students should be taught all the stages in process costing.

QUESTION FIVE

The general performance on the question was very good. Of the 77 that attempted the question, 56 managed to obtain at least 10 out of the available 20 marks. A pass rate of 72.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question examined on preparation of the profit statements based on absorption costing and marginal costing in parts (a) and (b), respectively. In part(c), a profit reconciliation statement was required.

The question was fair and candidates exhibited an understanding of Absorption and Marginal costing. The only problem was on the reconciliation of the profits under the two methods. Future students should note that the difference in profits is caused by fixed costs in the opening and closing inventories.

QUESTION SIX

The general performance on the question was fair. Of the 40 that attempted the question, only 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 42.5% was recorded. The highest score was 18 while the lowest was 1 out of 20.

This question examined the preparation of (a) four job accounts; (b) profit statements for completed jobs; and (c) to determine the factory cost for the incomplete job.

In part (a), very few candidates could come up with the job accounts as at 31 December 2022 and some entries were recorded wrongly in the accounts.

Part (b) was not attempted by many candidates as they left this part blank; thereby losing precious marks.

The majority of candidates did not answer part (c) and marks were lost as a result.

Overall Performance of Candidates

Highest mark obtained in this paper: 70%

Lowest mark obtained in this paper: 11%

Overall pass rate in this paper: 30.6%

SUBJECT: DA6 – BUSINESS LAW

QUESTION ONE

The general performance on the question was excellent. Of the 41 that attempted the question, all 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 100% was recorded. The highest score was 18 while the lowest was 10 out of 20.

This was a compulsory question attempted by all 40 candidates.

QUESTION TWO

The general performance on the question was very good. Of the 30 that attempted the question, only 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76.7% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This question was a scenario question and it had three parts. The first part was on the rights and obligations of partners. The second part required the students to give advice on the contractual obligations based on the scenario. Most students did pretty well on the contributory negligence but failed on the remoteness of damage.

QUESTION THREE

The general performance on the question was poor. This question had three parts examining on contracts. Of the 25 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 24% was recorded. The highest score was 14 while the lowest was 0 out of 20.

QUESTION FOUR

The general performance on the question was good. Of the 24 that attempted the question, 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.3% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This was a two-part scenario question. The first part required the students to give advice as to whether or not the part was liable for a claim of negligence. However, students demonstrated understanding of the importance of judicial precedence.

QUESTION FIVE

The general performance on the question was excellent. Of the 40 that attempted the question, 37 managed to obtain at least 10 out of the available 20 marks. A pass rate of 92.5% was recorded. The highest score was 20 while the lowest was 8 out of 20.

The question was made up of two parts namely features of a valid contract and agency by necessity. The question on whether shares can be inherited or not. All the questions were attempted under this question. In future, candidates need to continue working hard.

QUESTION SIX

The general performance on the question was very good. Of the 40 that attempted the question, 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 67.5% was recorded. The highest score was 18 while the lowest was 4 out of 20.

The question was made up of three parts based on unfair dismissal, termination of contracts of employment and main sources of law in Zambia. The questions were well answered except for the ways of terminating contracts where candidates would write for example Dismissal and then go on writing on all types of dismissal (unfair dismissal, summary dismissal, and wrongful dismissal) forgetting that all those types fall under one heading which is dismissal. In future candidates must study the manual, understand the questions and respond according to instructions in the question.

Overall Performance of Candidates

Highest mark obtained in this paper: 75%
Lowest mark obtained in this paper: 5%
Overall pass rate in this paper: 87.5%

SUBJECT: DA 7 - PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was good. Of the 39 that attempted the question, only 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 61.5% was recorded. The highest score was 18 while the lowest was 2 out of 20.

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

QUESTION TWO

The general performance on the question was poor. Of the 28 that attempted the question, only 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 32.1% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question had three (3) parts: (a), (b) and (c). Part (a) required candidates to outline five (5) sources of power. Many candidates had challenges answering this part of the question. Most candidates were making reference to political powers instead of leadership powers. This show lack of studying

Part (b) required candidates to define delegation. Most candidates answered this part correctly.

Part (c) required candidates to analyze the steps in the delegation process.

Most candidates were able to answer this part correctly. However, some candidates lost some marks because they had challenges to arrange the steps of delegation process in the order required.

QUESTION THREE

The general performance on the question was good. Of the 39 that attempted the question, 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was based on functions of management. It had two parts (a) and (b). Part (a) required candidates to list and explain four (4) essential skills of Managers. Most candidates were not able to get full marks because they failed to list and explain the 4 needed skills of the manager. The question was simple at this level but candidates could not get full marks because of lack of understanding the topic.

Part (b) required candidates to discuss three (3) different Management levels and their functions.

It was a challenge by most candidates to identify and discuss the levels of management. Questions on Management must be understood by candidates because these are fundamentals at this level of study.

QUESTION FOUR

The general performance on the question was good. Of the 31 that attempted the question, 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 64.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had three parts: (a), (b) and (c) based on Motivation. Part (a) required candidates to differentiate between extrinsic and intrinsic motivation. Most candidates failed to make a clear distinction between the two terms. Common knowledge answering was observed.

Part (b) required candidates to write brief notes on the content and process theories of motivation. Failure to fully understand the question made most of the candidates to lose marks. Candidates showed some challenge to explain that Content theories explain those specific things which motivates while Process theories look at those dynamic variables that make up motivation.

Part (c) required candidates to state Major content theories and motivation and mention the pioneers. Those candidates who were able to answer part (b) properly had no challenges to answer this part of the question. However, some candidates were writing other theories of management. This shows lack of studying.

QUESTION FIVE

The general performance on the question was very good. Of the 37 that attempted the question, 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 70.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was on Change Management and had two parts: (a) and (b).

Part (a) required candidates to define change Management. Most candidates failed to give correct answers need on this part of the question.

Part (b) required candidates to explain given classifications of change (Planned change, unplanned change, Incremental Change and Transformational change)

Most candidates answered correctly on the first two classifications of change but had challenges to answer correctly with the last two classifications. However, the performance was above average.

QUESTION SIX

The general performance on the question was poor. Of the 20 that attempted the question, only 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 25% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question had four parts: (a), (b), (c) and (d). Part (a) required candidates to explain two (2) approaches in which the hierarchy of objectives can be explained Majority of the candidates had a challenge to understand this question and got poor marks

Part (b) required candidates to define forecasting. This part of the question was fair to most of those who attempted.

Part (c) required candidates to distinguish between an organizations structures from an organization chart. Most candidates were unable to distinguish the differences between the two terms. Poor marks were recorded.

Part (d) required candidates to write down any five (5) uses of an organization Chart. Failure to give correct answer to part C above, made most of the candidates fail this part of the question too. But it has been observed that this was due to lack of studying by the students.

Overall performance of candidates

Highest mark obtained in this paper: 75%
Lowest mark obtained in this paper: 5%
Overall pass rate in this paper: 64.1%

SUBJECT: DA 8 – FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was very good. 84 of the 124 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 67.7% 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 Yango group of companies. 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) Most candidates embarked on discounting the deferred consideration amount that had been given already discounted hence losing out on the free mark of merely lifting the amount into goodwill working. Further, hardly did any candidate recognize the deferred consideration as a liability in consolidated statement of financial position.
- (ii) Inability to paper-lift the figures that did not require any amendment, for example taxation and loan notes onto the consolidated statement of financial position.
- (iii) 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 apply the controlling interest rate on share value unlike on number of shares. Such mishaps can be avoided by doing lots of exam standard question practice. That way, the technical mastery is achieved easily. Further, majority candidates recognized goodwill as an asset despite it being a bargain purchase.
- (iv) Most candidates were unable to correctly account for intercompany group cancellation and cash in transit. Again, this area easily gets sorted with much question practice as it is a common part of consolidation question adjustments.
- (v) Though pre acquisition retained earnings for both subsidiary and associate were provided in the question, most candidates could not correctly ascertain the post-acquisition loss of subsidiary for the year. Because of this error, the amounts shared between the group and non-controlling interest were incorrect for majority of candidates.
- (vi) Future candidates are reminded to read through examiners' reports of previous examinations so as to learn about common mistakes by past candidates.
- (vii) Failure to show any workings disadvantaged a few candidates that failed on this question. Future candidates are hereby reminded never to take workings for

granted on a similar question as majority of marks are awarded from the workings unlike final totals that many times are incorrect.

- (viii) 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.
- (ix) 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).
- (x) 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 the same time normal consolidation procedure to be followed.
- (xi) On the positive note, most candidates correctly put in place the straight amounts, and correctly calculated consolidated PPE and such were able to obtain good marks.

QUESTION TWO

The general performance on this question was very poor. 12 of the 122 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 9.8% was recorded. The lowest mark recorded was 1 while the highest was 19.

The general performance on this question was very disappointing.

This was a compulsory question that required the candidates to prepare a statement of profit or loss and other comprehensive income and statement of financial position for Timbe Plc.

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

- (i) It appeared the adjusting notes were a total hustle for the candidates at this sitting as hardly did anyone arrive at meaningful adjusting amounts.
- (ii) The question was poorly performed with many candidates not completing answering the question thereby missing the chance of obtaining higher marks than what they got.

- (iii) The 2% loan note was wrongly dealt with by computing the carrying amounts for the redemption period and extracting wrong amounts all together to show in financial statements. A handful of candidates did not bother show any amounts in financial statements thereby disadvantaging them further on attaining required marks.
- (iv) Some candidates wrongly recorded the amount for the bank overdraft under current assets. This probably arose from failure to acknowledge the side of the trial balance the bank balance was placed and failure to appreciate nature of balances various accounts have.
- (v) Many candidates failed to account for the revaluation of leasehold property. It appears two issues were not understood by most candidates at this sitting. Firstly, timing of revaluation, whether at the beginning or at the end, secondly what amounts to compare to ascertain revaluation surplus or loss. In the case of this question, revaluation took place at the end of the reporting period and so the property needed to be depreciated for the year before ascertaining its revaluation surplus. Further, the depreciation charge for the year had to be calculated using original cost and original useful life as the revaluation was taking place for the first time. All this was messed up by candidates at this sitting.
- (vi) Some candidates did not number the questions being attempted. Future candidates are reminded to take such small issues seriously as examiners may miss some portion of the question attempted when working under pressure.
- (vii) While most candidates were able to calculate the values for newly issued share capital and share premium, the majority could not calculate the correct amount of dividend that was paid which needed to be based on shares before the new issue going by dates of share issue and dividend payment. Candidates failed to appreciate the difference in timing of the same transactions that had an impact on amount of dividends paid.
- (viii) Finally, the lease transaction posed serious challenge to most candidates. They failed to appreciate the fact that future payments had already been discounted and they needed to go straight in the table to establish correct amounts for the financial statements for the year under review. This mishap meant that wrong amount of PV of future payments was derived as candidates failed to apply the principle of 'future' payments being eligible for discounting so that the first K12.5 million should not have been part of rentals discounted as it was not a 'future' payment. Candidates were however able to attain few marks for a 'correct flow' of amounts when ascertaining liabilities, finance cost and carrying amounts of ROUA. Future candidates are reminded to pay attention to applicable rules and principles of each standard if they are to maximize the marks they get.
- (ix) The income tax transaction was equally a grey area for most candidates. The majority failed to ascertain the amount of expense for the statement of profit or loss as the relationship between current tax and deferred tax appear to have

been missed by most candidates. Further, some candidates used the amount for the taxable temporary difference as closing estimate of deferred tax instead of applying the tax rate on the amount. Future candidates are reminded to clearly distinguish between accounting for current and deferred tax and how the two interact with each other.

QUESTION THREE

The general performance on this question was good. 63 of the 118 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 53.4% was recorded. The lowest mark recorded was 1 while the highest was 23.

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 challenges portrayed by candidates:

- (i) Majority of candidates struggled to calculate amount of cash paid to acquire PPE. Probably because they ignored the fact that both depreciation expense and carrying amount were capable of being established using information in the notes. Also profit on disposal as reported in statement of profit or loss needed to be used to calculate proceeds on sale of PPE which a reasonable number failed to establish.
- (ii) Lack of understanding of the treatment of the working capital movement. Some candidates were not able to apply brackets correctly.
- (iii) 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.
- (iv) Part (b) of the question was a challenge to most of the candidates as they did not understand the question requirement.
- (v) 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 not however articulate on anything to do with importance of the ratios to management and the shareholders, hence losing out on full marks.

QUESTION FOUR

The general performance on this question was very poor. 2 of the 34 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 5.9% was recorded. The lowest mark recorded was 0 while the highest was 16.

This question was the least attempted of all the questions. The question had three (3) parts (a), (b) and (c).

- (i) Part (a) was on financial instruments, specifically convertible loan note and required candidates to explain the accounting treatment of the instrument in issue for the year under review.
- (ii) Majority of candidates could not correctly split the instrument into equity and debt hence resulting figures were all wrong. This was because of applying wrong discount factors as well as calculating interest wrongly.
- (iii) Part (b) was on IFRS 15 bundled sale of goods. The majority of those who attempted expressed total ignorance on how to allocate a bundle selling price to separate performance obligations.
- (iv) Part (c) was on leases and one common weakness from candidates was that the future lease rentals were already provided in discounted form, but candidates were discounting cashflows again, but alas in a wrong way thereby using wrong figures all together and ending up with incorrect amounts for the financial statements.
- (v) Part (d) was on IAS 37 Provision, contingent liabilities and contingent assets. Most candidates were able to list criteria for recognizing a provision but failed to explain the required accounting treatment of a transaction provided on warranty provision.
- (vi) For all parts to this question, explanation hardly came out from all candidates except computations here and there that were mainly incorrect.
- (vii) Future candidates are encouraged to have a full understanding of these standards especially that they have become a regular feature of the DA8 exam.

QUESTION FIVE

The general performance on this question was poor. 17 of the 84 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 20.2% was recorded. The lowest mark recorded was 0 while the highest was 17.

The question had three parts (a), (b) and (c). Part (a) required candidates to discuss reasons why many countries have not been able to implement a full accrual public sector accounting. The question was poorly answered by most candidates as they expressed ignorance on public sector accrual accounting. Most of those who wrote anything merely explained meaning of accrual concept in detail.

Part (b) of the question required candidates to justify how fundamental qualitative characteristics of useful financial information provided in the question would be applied in accounting for non-current assets. Answers to this part of the question were too general. Most candidates merely explained the qualitative characteristics involved with no reference whatsoever to application in accounting for

non-current assets. In looking at comparability as a qualitative characteristic, candidates were expected to state that for depreciating non-current assets, maintaining same method of depreciation from one year to another would enhance comparability of financial statements. This did not come out from majority candidates.

Part (c) of the question was on IAS 8 Accounting Policies, changes in accounting estimates and errors. Candidates were required to explain accounting policies, change in accounting estimates and prior period errors. This was the only part of the question where performance was extremely good and many that passed this question capitalized on this part of the question.

Few candidates went ahead to even expand their required accounting treatment though a few expressed ignorance on the matter

Overall performance of candidates

Highest mark obtained in this paper: 64%

Lowest mark obtained in this paper: 14%

Overall pass rate in this paper: 32%

SUBJECT: DA9 - MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was good. 62 of the 122 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 51.7% was recorded. The lowest mark recorded was 0 while the highest was 21.

Question One examined on variance analysis, causes of variances, performance standards types as well as differences between management and financial accounting.

Parts (a), (c) and (d) were generally well attempted. Poor answers came from those who were careless by picking wrong figures.

However, part (d) was very poorly attempted by nearly by all the candidates. In particular, materials mix and yield variances were poorly answered by most candidates. The poor results were not due to lack of understanding the subject matter but due to carelessness in the use of the calculators.

QUESTION TWO

The general performance on this question was very poor. 8 of the 112 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 7.1% was recorded. The lowest mark recorded was 0 while the highest was 25.

This question examined candidates on cost volume profit analysis by requiring them to evaluate the effectiveness of a number of proposals.

Part (a) was not well attempted as candidates were only able to calculate 2 % sales commission but could not calculate the units at BEP of 83,333 units. Moreover, some candidates struggled to calculate the required increase of 67% on previous sales.

Part (b) was poorly answered and the majority could not calculate the loss of K110,000 and revised the total contributions of K390,000.

In part (c), candidates were able to calculate sales value but had challenges calculating direct materials and wages such that the calculated contribution was wrong.

Lastly, in part (d) most candidates could not deal with the revised selling price and revised profit margin to see how these changes would impact the current results. This part was poorly answered and marks were lost by many candidates.

QUESTION THREE

The general performance on this question was poor. 23 of the 86 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 26.7% was recorded. The lowest mark recorded was 0 while the highest was 24.

Question Three examined product mix decisions by requiring candidates to define a limiting factor, recommend an optimal mix and evaluate an additional special order from a client.

Candidates performed poorly on this question. They only managed to answer part (a) very well.

In part (b), computing the optimal production mix was a problem for most of the candidates as they did not fully understand how to calculate the limiting factor.

Hardly any candidate got part (c) correctly.

QUESTION FOUR

The general performance on this question was poor. 37 of the 108 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 34% was recorded. The lowest mark recorded was 0 while the highest was 22.

This question examined: (a) target costing; (b) product life cycle costs; (c) methods of optimizing costs; and (d) principles of Kaizen costing.

Parts (a) and (d) were generally well attempted. However, in part (b), common mistakes arose from explaining the four product life cycle stages (introduction, growth, maturity and decline) instead of the costs that a product incurs from design to withdrawal. Most candidates did not understand what was meant by 'optimizing' costs/profits in part (c). Such methods include reducing material costs, conversion costs and increasing selling prices.

QUESTION FIVE

The general performance on this question was very poor. Out 43 candidates that attempted the question none got 13 and above marks out of 25. A pass rate of 0% was recorded. The lowest mark recorded was 0 while the highest was 12.

This question examined working capital management including the outlining of saving policies (other than receivables) and explanation of services provided by factoring organisations.

In part (a), most of the candidates had no idea on where to start from and instead some tried to do 'T' accounts for the accounts, something that was not needed.

In part (b), most candidates had no clue. They wrote about cash and payables in general without answering the question required; hence the poor results. They were expected to write about inventory control, cash control and payables.

In part (c), on factoring, many candidates did not know what a factoring organization is all about and consequently gave wrong answers. It is rather surprising that candidates are ignorant of the current trends in working capital management such as factoring and invoice discounting.

Overall performance of candidates

Highest mark obtained in this paper: 78%

Lowest mark obtained in this paper: 0%

Overall pass rate in this paper: 25%

SUBJECT: DA10 – TAXATION

QUESTION ONE

The general performance on this question was good. 26 of the 53 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 49.1% was recorded. The lowest mark recorded was 0 while the highest was 24.

This question covered taxation of companies. Part (a) required candidates to calculate the amount of capital allowances claimable for by the company. The most common weaknesses made by candidates included:

- (i) Using the wrong rates to compute the wear and tear allowances on implements, plant machinery and buildings.
- (ii) Using the income tax values instead of the original costs to compute the wear and tear allowances.
- (iii) Claiming the initial and investment allowances on the industrial buildings, when these were not available given that the structure was second hand and not a brand-new structure.
- (iv) Classifying the canteen as a commercial building instead of an industrial building.

In part (b) candidates were required to calculate the tax adjusted business profit for the company. This part of the question was generally answered well with the exception of a few candidates who faced the following challenges:

- (i) Failure to identify the relevant disallowed expenses to be added back to profit when computing the taxable profit.
- (ii) Using the rate of 30% to compute the accommodation benefit to be disallowed in the tax computation in respect of the free residential accommodation provided to the director instead of using the correct rate of 37.5% of the directors' gross emoluments.
- (iii) Failure to compute the premium allowance in respect of the premium paid by the company for the right to use patents.

In part (c) candidates were required to calculate the income tax payable by the company. The following were common weakness shown by some candidates:

1. Including dividend income in the computation of the taxable income.
2. Failure to compute the withholding tax on bank interest and royalties which should have been treated as a tax credit against the income tax payable.
3. Using the wrong rate to compute the company income tax.

QUESTION TWO

The general performance on this question was fair. 24 of the 52 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 46.2% was recorded. The lowest mark recorded was 1 while the highest was 18.

This question examined taxation of income from employment income and self-employment. Part (a), which required candidates to explain the meaning of actual receipt basis of assessment in relation to taxation of employment income was generally answered well.

In part (b), candidates were required to compute the taxable business profit generated by the individual for the year. The main challenge faced by candidates on this part of the question was failing to identify the correct disallowable expenditure to be added to the net profit when calculating the taxable business profit.

In part (c), candidates were required to calculate the income tax payable by a sole trader for the year. The following were some of the most common weaknesses demonstrated by candidates:

- (i) Failure to identify which benefits were taxable and the ones which were exempt.
- (ii) Failure to compute the correct amounts of transport and education allowances
- (iii) Using the wrong tax rates to compute the income tax arising.

QUESTION THREE

The general performance on this question was poor. 5 of the 34 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 14.7% was recorded. The lowest mark recorded was 1 while the highest was 17.

The question examined Value Added Tax and Provisional Income Tax and was generally poorly answered. In part (a) (i) required candidates to state the three conditions that should be met in order for a trader to claim bad relief. Most candidates demonstrated a lack of knowledge of the conditions and therefore failed to provide the required explanations.

Part (a) (ii) which required candidates to explain the advantages and disadvantages of voluntary VAT registration was generally answered well.

Part (a) (iii) required candidates to compute the VAT payable by the company and was poorly answered. The most common mistakes made by candidates included:

- (i) Claiming input VAT on items on which VAT is irrecoverable.

- (ii) Failure to compute the correct amount of the recoverable non-attributed input VAT on the overheads.
- (iii) Failure to calculate the correct amount of input VAT on items which were stated at their VAT inclusive values.

In part (c) candidates were required to explain whether each of the three (3) persons in the scenario were required to pay provisional income tax. Candidates demonstrated a lack of knowledge of the types of persons who are assessed under provisional income tax and therefore failed to identify the persons who were chargeable under provisional income tax and also failed to explain how the income generated by each person was to be assessed to tax in the charge year.

QUESTION FOUR

The general performance on this question was fair. 15 of the 35 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 42.9% was recorded. The lowest mark recorded was 4 while the highest was 20.

This question was on customs and excise duties.

In part a (i) candidates were required to calculate the value for duty for duty purposes and the total import taxes paid on the importation of a Toyota Allion car. The following were the most common mistakes made by the candidates who scored poor marks on this part of the question:

- (i) Including of transportation, insurance and motor vehicle registration costs incurred in Zambia in the computation of the VDP.
- (ii) Use of customs and excise duty rates for second hand motor vehicles, instead of new motor vehicles.

In part (a) (ii) candidates were required to explain four conditions to be met for the customs officers to use the transaction value method in determining the value for duty purposes. A number of candidates demonstrated a lack of knowledge of the conditions and therefore failed to provide the required explanations.

In part (b) candidates were required to explain how the sole trader will be assessed to tax and to compute the amount of tax arising for the year. Only a few candidates managed to explain that the tax payer will be assessed to turnover tax given that the annual turnover from the business was below K800,000.

Part (c) (i) which required candidates to explain the property transfer tax treatment of transfers made to members of the immediate family was generally answered well.

In part (c) (ii) candidates were required to explain the PTT implications of sale of five different assets. The following were the most common challenges faced by the candidates:

- (i) Charging PTT on transfers of a chattels which are exempt transfers.
- (ii) Using the cost price of the residential plot as the realized to calculate the PTT instead of using the market value which was higher than the actual sale proceeds.
- (iii) Assuming that transfer of property to a member of the immediate family is exempt from PTT.

QUESTION FIVE

The general performance on this question was poor. 14 of the 36 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 38.9% was recorded. The lowest mark recorded was 2 while the highest was 20.

This question covered the framework of taxation in Zambia and taxation of partnerships.

Part (a) required candidates to explain the functions of taxation in Zambia apart from being a source of revenue for government and was generally answered well with the exception of a few candidates who failed to provide the required responses.

Part (b) required candidates to compute the income tax payable by each partner in a partnership business. The most common challenges faced by candidates on this part included the following:

- (i) Failure to apportion profits correctly before and after change of partnership agreement.
- (ii) Failure to add interest on capital to the profits of each partner.

Part (c) required candidates to apply the badges of trade to establish whether the tax payer was carrying on a trade was generally answered well.

Overall performance of candidates

Highest mark obtained in this paper: 76%
Lowest mark obtained in this paper: 15%
Overall pass rate in this paper: 43.4%

SUBJECT: DA11 - PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was very good. 60 of the 77 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 77.9% was recorded. The lowest mark recorded was 6 while the highest was 23.

The following was observed on parts (a) to (d):

- (i) A good number of candidates got this part of the question correct. However, the presentation was poor. Instead of presenting weaknesses against recommendations, most of them stated weakness first and then recommendations last and wasted a lot of valuable time.
- (ii) Common mistakes included explanation on ethics which was not the requirement.
- (iii) Most of the candidates gave wrong answers on disadvantages of having an Audit Committee. Others stated that an Audit Committee wastes a lot of time for management.
- (iv) Very few candidates got this part correct. A good number of answers simply explained assertions, which was not required. Others listed audit procedures only such as confirmations without explaining what was being obtained by using confirmations.

QUESTION TWO

The general performance on this question was poor. 15 of the 68 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 22.1% was recorded. The lowest mark recorded was 0 while the highest was 20.

The following observations were made on the sub parts of the question:

- (a) The steps for obtaining bank confirmation was not conclusive as most candidates ended just on the first step. Others did not even follow the order of steps and ended stating steps without the required order.
- (b) Some candidates failed to distinguish assertions from audit procedures. Completeness, for example was stated but without explaining how this can be used in order to obtain audit evidence or perform an audit procedure.
- (c) This was poorly attempted as a good number of students could not link the audit of purchases with inventory. Others wasted their time by listing audit procedures such reconciliations and performance as well as observations without coming up with an audit procedure.
- (d) (i) Some wrong answers included indicators of going concern such as negative cash flows being experienced by the business thereby failing to score meaningful marks.

(ii) Very few candidates got this part convincingly well. This indicated that students do not take sub-topics in *Audit Reporting* very serious. Others simply ended up defining going concern which was not part of the question requirement.

(e) There was a mix-up on the appropriateness of the opinion given and what the suggested opinion should have been. Others expressed a qualified opinion when actually the matter was both material and pervasive.

QUESTION THREE

The general performance on this question was fair. 26 of the 53 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 49.1% was recorded. The lowest mark recorded was 2 while the highest was 21.

The following was noted on the two parts of the question:

(a) (i) This part was answered correctly as for those who identify threats in the scenario. However, there are candidates who did not identify what was given in the scenario but simply wrote what they knew from the text book and lost valuable marks.

(ii) A Good number performed well as in (a) (i) above.

(iii) Most of those who got the first part correct, scored some marks on this follow-up question.

(iii) Some candidates explained assertions without coming up with specific audit procedures. Others simply listed audit procedures but could not explain how to use the procedure in order to obtain or verify the assertion stated.

(b) (i) Some candidates missed the question requirement. They instead explained the benefits of written representations and not the factors or points on which written representations are based.

(ii) Even on this part, most of the candidates failed to come up with an audit procedure to verify the bonus paid to directors. There are a lot of examples and explanations on the *ZICA website* where you can find valuable videos on examination techniques which include principles of auditing for your additional tips on how to prepare for the examinations.

QUESTION FOUR

The general performance on this question was very good. 43 of the 68 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 63.2% was recorded. The lowest mark recorded was 4 while the highest was 22.

The following were the common mistakes noted:

- (a) Most of the candidates who attempted this part of the question got correct answers. However, others simply ended at giving examples which was not required for.
- (b) Good number of candidates were able to identify audit risks but failed to come up with correct responses. Responses are actually not recommendations for dealing with weaknesses. Unfortunately, a number of them treated this part as recommendations and lost marks allocated for this part.
- (c) Some wrong answers mixed the roles of management with those of external auditors. For example, some included statements such as external auditors 'ensure that' Fraud is reduced. This is not a responsibility of external auditors but that of management.
- (d) One again, very poor answers were given on audit procedures as most candidates simply stated assertions only with coming up with audit procedures.

QUESTION FIVE

The general performance on this question was very poor. 1 of the 27 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 3.7% was recorded. The lowest mark recorded was 2 while the highest was 15.

The common mistakes noted on the parts of the question were as follows:

- (a) (i) A few candidates managed to get this part correct but majority were only giving examples without explanations.
- (ii) Some candidates mistook Key Audit Matters (KAM) for Emphasis of Matter (EOM) paragraph and vice versa. This shows that students had insufficient knowledge of the newly revised audit standards.
- (b) (i) Some candidates did not realize that this question related to I.A.S 10 *Events after reporting date* and ended up giving general comments, which did not help matters.
- (ii) As most of them failed to comment appropriately in (b) (i) above, they equally failed to score meaningful marks on this part of the question.
- (iii) Even this was a follow up question to (b) (ii) above, only those who understood the requirements and the applicable standard managed to get some few marks.

Overall performance of candidates

Highest mark obtained in this paper: 76%
Lowest mark obtained in this paper: 21%
Overall pass rate in this paper: 56.4%

SUBJECT: DA12 – GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was very good. 35 of the 47 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 74.5% was recorded. The lowest mark recorded was 4 while the highest was 23.

The question was a compulsory question and made up of three parts (a), (b) and (c) which were on corporate governance, protection of shareholders and contents of directors' report. The only challenge was that on how good corporate governance protects the basic rights of shareholders, some candidates were writing fiduciary duties. In future candidates must prepare adequately, understand and answer the questions as they are.

QUESTION TWO

The general performance on this question was very good. 36 of the 47 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 76.6% was recorded. The lowest mark recorded was 7 while the highest was 20.

This was a compulsory question and it had three-parts. The first part required the students to discuss one key feature of a company as explain in the case of **Macaura v Northern Assurance Co.** The second part required them to explain on the company constitution and the last part required students to explain distinction between unlimited company and a partnership. Students handled both parts very well.

QUESTION THREE

The general performance on this question was fair. 13 of the 28 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 46.4% was recorded. The lowest mark recorded was 3 while the highest was 25.

The question had two parts (a and b) which examined on attributes of incorporation.

QUESTION FOUR

The general performance on this question was excellent. 31 of the 34 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 91.2% was recorded. The lowest mark recorded was 10 while the highest was 19.

This was a two-part scenario question. The first part required the students to explain the connection between the board of directors and corporate governance. The question was fairly handled. The second part required them to discuss the difference between an extra-ordinary resolution and a special resolution. The last part required them to explain the preferable method based on the scenario. Future students should be assisted to understand the salient features of member's voluntary winding up and creditor's.

QUESTION FIVE

The general performance on this question was very good. 23 of the 32 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 71.9% was recorded. The lowest mark recorded was 8 while the highest was 24.

This question had two parts (a) and (b). The first part was on the duties of the audit committee and the second part was on the distinction between reduction of capital by cancellation and paying off paid up share capital. Whereas no problems were observed in the first part, most candidates had difficulties in answering part (b) according to the dictates of the question. They failed to appreciate the difference. In future, there is need for candidates to be preparing adequately as the questions were from within the syllabus.

Overall performance of candidates

Highest mark obtained in this paper: 85%
Lowest mark obtained in this paper: 43%
Overall pass rate in this paper: 97.9%