MARCH 2024 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN ACCOUNTANCY

SUBJECT: DA 1: FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was good. Of the 47 that attempted the question, only 29 managed to obtain at least 10 out of the available 20 marks. A pass rate of 61.7% was recorded. The highest score was 16 while the lowest was 0 out of 20.

QUESTION TWO

The general performance on the question was good. Of the 36 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 58.3% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (a) required candidates to prepare the statement of Profit or Loss for the year ended31 December 2022. The only item of expense which was not correctly accounted for was the Income tax expense in the trial balance. Since it is in the debit, the correct way is to add to the estimated figure under additional information of K2,340,000.

Part (b) required candidates to prepare the statement of Financial position as at 31 December 2022. The bonus issue of shares of 1 for every 5 shares held by existing shareholders was not accounted for correctly. Since it is a bonus issue, the correct way of accounting for the issue is as follows:

Step 1 Calculate the bonus issue value i.e. $\frac{1}{5} \times \frac{18,000,000}{1} = K3,600,000$

Step 2 Accounting entries

    Debit: Share Premium A/C   K3,600,000

    Credit: Ordinary Shares A/C   K3,600,000

QUESTION THREE

The general performance on the question was poor. Of the 39 that attempted the question, only 13 managed to obtain at least 10 out of the available 20 marks. A pass rate of 33.3% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Part (a) required candidates to prepare departmental statement of Profit or Loss for the year ended 31 December 2023. Candidates had challenges on unspecific figures which required apportioning and adjusting. The correct way was to make the adjustment first before carrying out the apportionment e.g. Rent and Rates.

	K
Balance as question data	90,000
Less Prepayments	18,000

72,000

Fertilizer	$\frac{2}{3} \times \frac{72,000}{1}$	48,000		
Beer	$\frac{1}{3} \times \frac{72,000}{1}$	24,000	(72,000)	

Part (b) required candidates to comment on the performance of each department and to give advice to Dr. Pollen. This was well done.

Part (c)(i) required candidates to explain the objective of general purpose of financial reporting. Many candidates failed to clearly bring out the concept of providing financial information to a wide range of users for decision making purpose.

QUESTION FOUR

The general performance on the question was poor. Of the 36 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 5.6% was recorded. The highest score was 16.5 while the lowest was 0 out of 20.

Part (a) required candidates to prepare statement of Profit or Loss for the year ended 31 December 2022. Since the sales figure was not given, candidates should have calculated the cost of sales as follows:

Bank Payments to Payables	106,080
Add Amounts owing to Payables	3,520
Total Purchases	109,600
Less Closing inventory	(7,600)
∴ Cost of sales	102,000

The sales figure is simply K102,000 x 2 = 204,000 using 50% margin.
Another item which presented a problem to establish was the cash drawings.

			K
Total sales			204,000
Less: Trade Receivables		9,200	
Total Payments (171,920 + 3,560 + 420)		176,900	186,100
∴ Cash Drawings			17,900

Part (b) required candidates to prepare the statement of Financial Position as at 31 December 2022. The only item not accounted for correctly was the Purchase of holiday caravan for private use. This is a drawing in kind not Purchase of NON-CURRENT ASSET.

QUESTION FIVE

The general performance on the question was poor. Of the 32 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass

rate of 6.3% was recorded. The highest score was 13.5 while the lowest was 0 out of 20.

Part (a) (i) required candidates to prepare the Journal entries for each of the given errors. The poor answers presented clearly indicated that candidates lack knowledge on double entry bookkeeping. This knowledge is core to the subject at level 1 and must be learnt.

Part (a) (ii) required candidates to prepare a suspense account. Candidates failed to do this part.

Part (b) (i) required candidates to explain clearly the effect of correcting the errors to the net profit. Candidates only mentioned the effect without the amounts.

Part (b) (ii) required candidates to explain clearly the effect of correcting the errors to the draft statement of financial position. Candidates avoided answering this part.

QUESTION SIX

The general performance on the question was fair. Of the 33 that attempted the question, only 15 managed to obtain at least 10 out of the available 20 marks. A pass rate of 45.5% was recorded. The highest score was 16.5 while the lowest was 2 out of 20.

Part (a) required candidates to prepare a manufacturing account for the year ended 30 September 2022. No special problem observed.

Part (b) required candidates to prepare the statement of Profit or Loss for the year ended

30 September 2022. Candidates failed to use production cost at transfer price as Purchases figure. Manufacturing unrealized profit presented a challenge as well. The difference between opening and closing figures of 750 (6,450 − 5,700) should have been added to Gross Profit.

Part (c) required candidates to explain why a company would charge a mark-up on goods manufactured when transferring them to the selling department. Candidates did not answer this.

Overall performance of candidates

Highest mark obtained in this paper   70%

Lowest mark obtained in this paper   6%

Overall pass rate in this paper   27.7%

SUBJECT: DA2: QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was fair. Of the 39 that attempted the question, 17 managed to obtain at least 10 out of the available 20 marks. A pass rate of 43.6% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This question comprised was multiple choice and compulsory questions hence attempted by all the candidates. The average performance on this question was 8.6 out of 20 marks.

The multiple choice questions were short answer phrases and calculations on a wide range of topics from the syllabus. The topics covered included numerical data calculation such as the mean, calculation involving concept of compound interest, random values and probability distribution. The performance was very good as most candidates were able to provide correct solutions. For candidates who could not perform well, it was observed multiple choice questions that required calculations were the tougher questions. It is therefore suggested that candidates should familiarize themselves with short mathematical and statistical calculation in order to improve on performance in this section of the examination.

QUESTION TWO

The general performance on the question was fair. Of the 30 that attempted the question, 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.7% was recorded. The highest score was 20 while the lowest was 0 out of 20. The question covered decision making by considering economic conditions and specified alternative. Candidates were required to use the Maximax criterion, Maximin criterion, minimax, Laplace method and Hurwicz. The main observed challenge was candidates selecting maximum or minimum values from columns rather than rows and vice versa. This affected the final answer they obtained hence resulted in loss of marks.

QUESTION THREE

The general performance on the question was good. Of the 37 that attempted the question, 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 67.6% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The entire question was on regression analysis where candidates were required to use the given data to calculate the regression line and coefficient of correlation. The general performance was very good. It was observed that most candidates were able to compute correct total which were used in the calculations. Few candidates who failed made computation errors due to wrong totals.

QUESTION FOUR

The general performance on the question was very poor. Of the 14 that attempted the question, 1 managed to obtain at least 10 out of the available 20 marks. A pass rate of 7.1% was recorded. The highest score was 10 while the lowest was 0 out of 20.

The question of applying time series method to find the trend line hence use the trend line to tabulate trend values. The performance was very bad with the major reason being attributed to candidates resorting to finding moving averages which was not the required component. Other candidates used the actual year as an independent variable rather than converting the years into simple consecutive counting numbers for each successive year. This affected the overall performance. The candidates were not familiar with the method of least square to calculate the trend. In generally, very few candidates attempted this question.

QUESTION FIVE

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 59.0% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was split in two parts;

Part (a) required candidates to use the techniques of finding mean and standard deviation of ungrouped data. The general performance on this question was good. Most candidates who failed the question were making computation errors but demonstrated knowledge of the topic.

Part (b) required candidates to use the concept of normal distribution to find probabilities. Half of the candidates who attempted the question were not getting correct final probabilities. The main reason could be attributed to wrong use of statistical z-tables. Candidates are therefore encouraged to keenly learn how to read statistical tables in order to solve normal distribution questions.

QUESTION SIX

The general performance on the question was fair. 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 while the lowest was 0 out of 20.

The first part of the question required candidates to use the concept of normal distribution to find the required probabilities. It was observed that candidates were able to calculate z-values but inability to correctly use the z-table resulted in loss of marks as the majority could not complete the question.

The second part of the question required candidates to use the concept of compound interest and be able to calculate annuities. The general performance was not good as many candidates were observed to have been using wrong formula.

Overall performance of candidates

Highest mark obtained in this paper   66%

Lowest mark obtained in this paper   9%

Overall pass rate in this paper   38.5%

SUBJECT: DA3: BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was good. Of the 30 that attempted the question, 20 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.7% was recorded. The highest score was 16 while the lowest was 4 out of 20.

QUESTION TWO

The general performance on the question was good. Of the 22 that attempted the question, 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 20 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 question required candidates to explain the given statements using demand and supply diagrams. Demand and supply analysis points to equilibrium and equilibrium can only be established where the demand curve intersects the supply curve. Many candidates only drew either the demand curves or the supply curves. Further, those who managed to draw both, they failed to note the curve hat is affected by the change in the given variable.

(i) Supply curve shifts leftwards leading to lower harvest

(ii) Demand curve for rechargeable lumps shifts rightwards as more is demanded.

(b) This was divided into three (3) subparts namely (i), (ii) and (iii).

(i) Increase in the price of margarine will shift the demand curve for butter to the right

(ii) Increase in the price of milk will shift the supply curve of butter to the left as it will increase the cost of producing butter

(iii) An increase in the average levels of income will shift the demand curve for butter to the right.

QUESTION THREE

The general performance on the question was poor. Of the 22 that attempted the question, 8 managed to obtain at least 10 out of the available 20 marks. A pass rate of 36.4% was recorded. The highest score was 15 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 fairly done as many candidates defined a recession well

(b) This part question required candidates to explain how the government can use (i) fiscal policy and (ii) monetary policy to resuscitate the economy. Overall performance was poor on this part of the question. The common mistake was candidates

interchanging fiscal policy with monetary policy when explaining. Further, some explained contractionary fiscal policy and monetary policy when what was required was expansionary!

(c) Many candidates filed to bring out the economic objectives. Many solutions given were far away from what was required. This is surprising because this is the basis of understanding macroeconomics. It shows that some candidates could not study the entire syllabus.

QUESTION FOUR

The general performance on the question was poor. Of the 15 that attempted the question, 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 13.3% was recorded. The highest score was 16 while the lowest was 0 out of 20.

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

(a) Many candidates answered this part of the question very well. However, others presented assumptions or characteristics of MONOPOLY and not monopolistic competition

(b) This was largely poorly done. The graphs were poor without proper labels, interchanged ATC and MC curves as well as wrong straight-line MR curves! Others could not clearly show the profit positon graphically. Candidates are urged to study this topic seriously as it is a major part of the syllabus.

(c) Again many candidates failed to bring out the consequences of increasing the number of firms in the industry. Basically, as more and more firm join in as a result of freedom of entry and exit, output increases thereby putting a downward pressure on the selling price. This goes on until normal profit remains.

(d) This was correctly answered by majority of candidates.

QUESTION FIVE

The general performance on the question was very good. Of the 26 that attempted the question, 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 84.6% was recorded. The highest score was 19 while the lowest was 4 out of 20.

The question was divided into five (5) parts namely (a) to (e) as follows:

(a) This was correctly answered by majority of the candidates. However, some candidates used "which" to produce instead of "what" to produce

(b) This was well explained by almost all candidates.

(c)Majority of the candidates were able to draw the curve as required. One common error was that some candidates reversed the axes while others couldn't come up with good scale to produce a sizeable PPC. Others tried to force the PPC to be a straight-line!

(d) The answer t this part of the question largely depended on the answer to above. The Shape indicates increasing opportunity cost

(e) Most candidates did not address the first part of the question.

QUESTION SIX

The general performance on the question was fair. Of the 14 that attempted the question, 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 42.9% was recorded. The highest score was 18 while the lowest was 1 out of 20.

The question was divided into two (2) parts namely (a) and (b) as follows:

(a) This was divided into three (3) parts namely (i), (ii), and (iii).

(i) This was not correctly done by many candidates. The common mistake was to use output instead of the man-hours in determining Absolute

(ii) This was fairly done, though some candidates could not even try to calculate the four ratios required for Comparative Advantage!

(iii) Though, this was fairly done, some candidates failed to apply Comparative Advantage as the basis of trade. Worse for those that failed to calculate the ratios

(b) This was divided into two (2) parts as follows:

(i) Majority of candidates failed to ring out the roles that IMF plays in developing countries.

This required text book answers

(ii) Similarly, man candidates failed to state the objectives of the World bank.

Candidates are urged to study the entire syllabus for the examination.

QUESTION SEVEN

The general performance on the question was poor. Of the 19 that attempted the question, 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 21.1% was recorded. The highest score was 13 while the lowest was 0 out of 20.

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

(a) Many candidates answered this part of the question very well. However, others presented assumptions or characteristics of MONOPOLY and not monopolistic competition.

(b) This was largely poorly done. The graphs were poor without proper labels, interchanged ATC and MC curves as well as wrong straight-line MR curves! Others could not clearly show the profit positon graphically. Candidates are urged to study this topic seriously as it is a major part of the syllabus.

(c) Again many candidates failed to bring out the consequences of increasing the number of firms in the industry. Basically, as more and more firm join in as a result of freedom of entry and exit, output increases thereby putting a downward pressure on the selling price. This goes on until normal profit remains.

(d) This was correctly answered by majority of candidates.

Overall performance of candidates

Highest mark obtained in this paper   70%

Lowest mark obtained in this paper   16%

Overall pass rate in this paper   51.7%

SUBJECT: DA4: INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was good. Of the 34 that attempted the question, 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 55.9% was recorded. The highest score was 16 while the lowest was 2 out of 20.

This question required candidates to select the best answer from the options given. Some candidates were able to get correct answers while other candidates selected options closer to the best answer. This was a very common error for some candidates. This affected their grades since they provided wrong answers.

QUESTION TWO

The general performance on the question was poor. Of the 21 that attempted the question, 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 28.6% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question required candidates to state any five (5) advantages of using a Ring Topology when implementing a network in the first part of the question. Part (b) required candidates to outline the '3Vs' characteristics of big data and part (c) required them to name four (4) business operations which are likely to be integrated into an ERP system from a given scenario.

The most common mistakes there were observed on this question were:

(a) Most students answered this question well, expect some students were giving advantages of a star topology instead of the ring topology.

(b) Some students had challenges in answering the 3Vs characteristics of big data, most of them just mentioned the 3Vs characteristics and without providing an appropriate outline as required in the question.

(c) Most students misunderstood the question, students were required to identify operations that could be integrated into ERP, and some students explained information systems or accounting modules which was not the case.

QUESTION THREE

The general performance on the question was poor. Of the 25 that attempted the question, 1 managed to obtain at least 10 out of the available 20 marks. A pass rate of 4.0% was recorded. The highest score was 10 while the lowest was 1 out of 20.

This question required candidates to:

(a) Define the term intranet and outline three (3) ways an organization can keep outsiders from accessing the intranet. Part (b) required them to list 4 selecting and

pointing input devices used with the computer.

Part (c) required candidates to explain four (4) ways in which one can protect data in a Spreadsheet. The following errors were observed on question 4:

(i) Some students had challenges defining the term intranet correctly; instead they explained extranet, internet or network.

(ii) Some students mentioned ways of mitigating security threats and attacks instead of ways of keeping outsiders from accessing the intranet. Others presented backups, antiviruses, software updates, which will not keep outsiders from accessing the intranet which was not the case.

(b) Most students listed input and output devices instead of selecting and pointing input devices. They did not take note of the difference and just thought of the usual input and output devices that were commonly used.

(c) Most students misunderstood the question. They explained the general data protection when using the computer system, instead of how one can protect data in a spreadsheet.

QUESTION FOUR

The general performance on the question was poor. Of the 19 that attempted the question, 5 managed to obtain at least 10 out of the available 20 marks. A pass rate of 26.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) of the question required candidates to explain four (4) advantages of star networks over the Ring networks, while part (b) required them to outline the process of inserting a chart in MS Word. The last part (c) required them to explain how Information System resources can be protected using: (i) File Encryption and (ii) Restricted physical access.   The mistakes on this question were that:

(a) Some students did not explain the advantages the star network has over the ring network, instead, they gave independent advantages the networks had and thus failed to give the comparison.

(b) Some students had challenges of explaining restricted physical access, they mixed up password with physical access.

QUESTION FIVE

The general performance on the question was good. Of the 22 that attempted the question, 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 72.7% was recorded. The highest score was 18 while the lowest was 4 out of 20.

(a) Candidates were required to mention the type of graph or chart that would be appropriate for the following: to show trends over time, to compare data among different categories and to show percentage or proportional data. Part (b) of the question required candidates to state any four (4) reasons it is important to use graphs and charts in the presentation and part (c) required them to outline any three (3) challenges that may come as a result of using graphic communication.

The following common errors were observed on this question:
(i) Repeated answers

(ii) Wrong content as Histograms, Gantt charts were presented in the answers. - Mixed the answers for 5a (i), (ii) and (iii).(what was supposed to an answer for (i) was presented in 5a(ii) or 5a (iii) and so on)

(iii)Omitting this part of the question and in some cases failed to attempt the whole question.
(iv) some candidates presented disadvantages of graphical communications which were not well connected to the question?
(v) Some candidates reproduced the questions from the examination paper and presented them as answers. This was as good as not attempting a question.
(vi)Other candidates mixed answers with disadvantages and advantages of oral, written or graphical communication.

QUESTION SIX

The general performance on the question was good. Of the 33 that attempted the question, 22 managed to obtain at least 10 out of the available 20 marks. A pass rate of 66.7% was recorded. The highest score was 18 while the lowest was 4 out of 20. Outline any four (4) benefits of using oral communication at places of work in part (a)and part (b) required candidates to distinguish between;(i) Speaking and talking and (ii)Listening and hearing. In part (c) candidates were required to explain any four (4) barriers to communication that are associated with oral communication. The common errors that were observed were as follows:

(a) - Most answers were simply out of context.

 - Mixed answers with disadvantages of oral communication.

 - Repeated answers was a common error

(b) - Wrong content presented as answers.

(c) - Some candidates explained any other barriers ,yet the question required them to explain those barriers' associated with oral communication.

- Some candidates simply presented advantages and disadvantages of oral communication

QUESTION SEVEN

The general performance on the question was fair. Of the 13 that attempted the question, 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.2% was recorded. The highest score was 20 while the lowest was 4 out of 20.

Candidates were required to state any four (4) situations in which a Junior Officer may seek permission in part (a) of the question, while part (b) required them to explain any four (4) types of questions that managers should consider when granting permission. The last question Part (c) required them to outline any four (4) features of a message that managers should apply when refusing to grant permission to a junior staff.

The following errors were observed on this question:

(a)   Some candidates presented different purposes for asking questions which was not supposed to be the case.

(b)   Some candidates presented reasons of asking question too, instead of explaining the types of questions that mangers should consider when granting permission.

(c)   Some candidates described how permission should be obtained in an organization instead of outlining features of a message that managers should apply when refusing to grant permission in an organization.

Some candidates simply failed to attempt the question.

Overall performance of candidates

Highest mark obtained in this paper   69%

Lowest mark obtained in this paper   14%

Overall pass rate in this paper   29.4%

SUBJECT: DA5 COST ACCOUNTING

QUESTION ONE

The general performance on the question was good. Of the 47 that attempted the question, 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59.6% was recorded. The highest score was 16 while the lowest was 4 out of 20.

QUESTION TWO

The general performance on the question was good. Of the 46 that attempted the question, 24 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52.2% was recorded. The highest score was 20 while the lowest was 0.5 out of 20.

The question examined overhead cost analysis (part (a)), calculation of departmental overhead absorption rates (part (b)) and the definition of cost accounting terms (part (c)).

Poorer candidates chose wrong bases of apportionment in part (a) and could not define cost allocation, apportionment and absorption in part(c).

QUESTION THREE

The general performance on the question was poor. Of the 43 that attempted the question, 3 managed to obtain at least 10 out of the available 20 marks. A pass rate of 7.0% was recorded. The highest score was 11.5 while the lowest was 2 out of 20.

The question examined labour costing (why workers leave organizations and gross earnings calculation) and material costing (EOQ and frequency of orders calculation).

(a)   Reasons why workers may leave an organization.
         The performance in part (a) by most candidates was very good.

(b)(i) Calculation of both the economic order quantity of raw materials and (ii) the frequency of placing orders.

Part (i) was poorly answered by most candidates. Despite candidates stating the EOQ formula correctly, they failed to calculate the EOQ value correctly due to the failure to calculate the values of the parameters in the formula.

Part (b)(ii) was equally poorly answered as the answer was to be derived from calculations in part (i) above.

The poor performance on this part of the question is an indication that candidates were ill prepared for the examination as the topic is a common one in cost accounting.

(c) Gross earnings calculation for each employees.

The performance on this part was average as a good number of candidates provided correct answers while others calculated the basic pay only for each employee without calculating of bonus.

QUESTION FOUR

The general performance on the question was very poor. Of the 24 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 8.3% was recorded. The highest score was 14 while the lowest was 0 out of 20.

This question examined candidates on service costing.

In part (a) and the calculation of basic variances in part (b).

Part (a) required candidates to calculate the total cost per coach on each route. Candidates had problems calculating the cost. They should have taken time to understand the question and what was being asked for when answering question.

Part (b) required candidates to calculate the cost per kilometer on each route. This part was not well answered. Candidates could not calculate the kilometers per route.

QUESTION FIVE

The general performance on the question was good. 29 of the 44 that attempted the questionmanaged to obtain at least 10 out of the available 20 marks. A pass rate of 56.9% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question examined variances and the differences between management accounting and financial accounting.
Common errors included:
(i) Failing to prepare a standard cost card

(ii) Mixing up formulae for calculating variances.

(iii)Not knowing whether a variance is favourable or adverse

(iv)   Providing only a few differences between management accounting and financial accounting; instead of at least five as required by the question.

QUESTION SIX

The general performance on the question was poor. Of the 26 that attempted the question, none managed to obtain at least 10 out of the available 20 marks. A pass rate of 0% was recorded. The highest score was 6 while the lowest was 0 out of 20.

This question examined Activity Based Costing (ABC) and the differences between a cost centre and a revenue centre.

Common mistakes included:
(i) Failing to calculate machine related costs, batch related, delivery and customer service costs.

(ii) Failing to divide the cost pools by the no of activities to find the rates.

(iii)Failing to calculate the cost per unit

(iv)   Candidates had challenges differentiating the cost centre from a revenue centre and many were explaining a cost center instead of comparing the two as per the question.

Overall performance of candidates

Highest mark obtained in this paper   63%

Lowest mark obtained in this paper   18%

Overall pass rate in this paper   34.0%

SUBJECT: DA 6: BUSINESS LAW

QUESTION ONE

The general performance on the question was excellent. All the 24 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 100.0% was recorded. The highest score was 18 while the lowest was 10 out of 20.

The question was compulsory and was multiple choice one. There was a wide coverage of topics. However, the solutions provided in the marking key were incorrect. This is something that panel setters and moderators should be guided on as they mix the different set of questions from various sets. On average, more than 90% of the candidates managed to get beyond the 50% pass mark in this question, an indication that students were prepared for the paper. Future students are encouraged to study all topics and appreciate the principles. They are further encouraged to use the elimination method as they deal with examination questions of this nature. A student must eliminate all possible answers and remain with the most probable answer.

QUESTION TWO

The general performance on the question was good. Of the 13 that attempted the question, 8 managed to obtain at least 10 out of the available 20 marks. A pass rate of 61.5% was recorded. The highest score was 16 while the lowest was 5 out of 20.

The question was divided into two parts as follows:

(a) This part required the candidates to differentiate between agency of necessity and agency by holding out. Only few managed to give the correct difference. Those who did well, were merely using guess work.

(b) This part was divided into (i) and (ii), both referring to the general defenses. This is the part where at least 50% were close to the answer. However, the answers were indicative of the fact that most candidates were not conversant with the topic.

Going forward, candidates are encouraged to study all topics, including those topics which may appear to be simple such the Law of Agency and Law of Tort.

QUESTION THREE

The general performance on the question was good. Of the 23 that attempted the question, 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 69.6% was recorded. The highest score was 15 while the lowest was 0 out of 20.

Question Three was based on employment law and was divided into four parts:

(a) Redundancy

(b) Termination of Contract of employment by frustration

Under part (a) and (b), most candidates at least 70% were able to give the correct answer.

(c) Divisions of the High Court of Zambia

For divisions of the High Court, only 3% were able to identify the correct divisions.

(d) Persuasive precedents only 25 managed to give the correct answer.

For students who failed to give the correct answers, it showed that they were not familiar with the topics. Going forward they are encouraged to study all topics and know them in sufficient detail.

QUESTION FOUR

The general performance on the question was very good. Of the 24 that attempted the question, 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.0% was recorded. The highest score was 18 while the lowest was 2 out of 20.

The question was on the creation of a contract of sale specifically perishable goods delivered after date, and ways by which a contract can be terminated. The question also required candidates to distinguish between a condition and a warrant.

Candidates answered the question well. However, in future, candidates must learn the distinction between a condition and a warrant as some took it to mean the period during which someone is supposed to have the goods bought repaired by the seller free of charge. The question was well attempted.

QUESTION FIVE

The general performance on the question was fair. Of the 15 that attempted the question, 7 managed to obtain at least 10 out of the available 20 marks. A pass rate of 46.7% was recorded. The highest score was 16 while the lowest was 0 out of 20.

The question was on the adequacy of consideration. In future candidates must understand the questions and respond according to instructions in the question.

QUESTION SIX

The general performance on the question was very good. Of the 21 that attempted the question, 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76.2% was recorded. The highest score was 19 while the lowest was 3 out of 20.

The question was made up of four parts (a), (b), (c) and (d).

Part (a) was on supervening incapacity. It was well answered by about 80% of the students. The rest did not just prepare adequately. In future, students are merely encouraged to study the whole syllabus adequately.

Part (b) was on ways by which an offer could be terminated. About 90% of the students answered it very well as it simply required them to 'identify'. However, the question was a bit vague as the marks awarded were not corresponding to the question being asked. Instead of 'identify' the question should have been 'discuss, explain, etc' to be in tandem with the 10% in the question. In future, examiners and panel setters will need to ask questions correctly.

Part (c) was on the definition of Law and about 97% answered it well. The question was simple and understood by everyone, even by those who could have just guessed the answers.

Part (d) was on ways by which delivery of goods in a contract of sale of goods could be done. About 80% of students answered the question correctly, whilst the rest could just give one or two responses. In future, candidates must be encouraged to study and prepare adequately.

General Comment: The paper was ok, despite the highlighted issues of questions being repeated, solutions being too brief and not in line with the command words in the questions, omissions of questions, typographical errors, etc. In future, examiners must do their part both at item writing stage and panel setting.

Overall performance of candidates

Highest mark obtained in this paper	79%
Lowest mark obtained in this paper	22%
Overall pass rate in this paper	91.7%

SUBJECT: DA7: PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was very poor. Of the 15 that attempted the question, 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 26.7% was recorded. The highest score was 18 while the lowest was 4 out of 20.

QUESTION TWO

The general performance on the question was very poor. Of the 12 that attempted the question, 4 managed to obtain at least 10 out of the available 20 marks. A pass rate of 33.3% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was in four parts, (a), (b), (c) and (d). Parts were answered as follows:
(a) Majority of candidates gave the correct difference between job enrichment and job enlargement.

(b) Majority of candidates failed to define how the job is enriched.

(c) Most students failed to give the correct factors to take into account in order to achieve job enrichment.

(d) Few candidates gave the correct key dimensions which contribute to Job satisfaction

QUESTION THREE

The general performance on the question was excellent. Of the 9 that attempted the question, 8 managed to obtain at least 10 out of the available 20 marks. A pass rate of 88.9% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was in two parts, (a) and (b).
Part (a): This part requested candidates to explain an argument by Johnson and Whittington view on strategic plan. The candidates answered this part very well. By most of the candidate who attempted it doing well
Part (b):
This part requested candidates to explain and define the term stakeholders and their expectations and was well done by most candidates.

QUESTION FOUR

The general performance on the question was good. Of the 15 that attempted the question, 9 managed to obtain at least 10 out of the available 20 marks. A pass rate of 60.0% was recorded. The highest score was 18 while the lowest was 4 out of 20.

The question had three parts (a) and (b) and both required an understanding on recruitment

QUESTION FIVE

The general performance on the question was very good. Of the 15 that attempted the question, 12 managed to obtain at least 10 out of the available 20 marks. A pass rate of 80.0% was recorded. The highest score was 19 while the lowest was 6 out of 20.

This question had three parts, both on delegation:
(a) Many candidates wrote the correct meaning of delegation.

(b) Many candidates only managed to state two elements of delegation i.e. Authority and accountability. They failed to mention responsibility.

(c) The benefits of delegation were well explained by most candidates.

QUESTION SIX

The general performance on the question was poor. Of the 10 that attempted the question, 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 20.0% was recorded. The highest score was 20 while the lowest was 2 out of 20.

The question was in two parts (a) and (b) and commented as follows

(1) Most candidates just listed the words of the acronym SMART but did not give at least one line explanation as per requirement. Thus, they lost out on marks.

(2) Majority of the candidates failed to explain the acronym PRIME.

Overall performance of candidates

Highest mark obtained in this paper   80%

Lowest mark obtained in this paper   38%

Overall pass rate in this paper   80%

SUBJECT: DA8 FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was good. 70 of the 101 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 69.3% was recorded. The lowest mark recorded was 1 while the highest was 25.

This was a compulsory question that required the candidates to prepare the consolidated statement of financial position for Mtondo Plc group of companies. Overall, this question was very well attempted probably because it is a predictable question for section A. 2 candidates completely left out this question despite it being compulsory. Most of the candidates who attempted were able to correctly perform required calculations except few candidates with the following challenges:

(i) Failure to follow recommended presentation of putting figures in brackets to maximize on achieving high marks.

(ii) Few candidates included investment property and financial assets at the carrying amounts at the beginning of the year unlike at the end of the year. Future candidates are reminded to pay particular attention to dates when fair values apply.

(iii) Inability to duplicate the figures that did not require any amendment onto the consolidated statement of financial position.

(iv) On goodwill computation, it was disappointing to note that a significant minority of candidates could not correctly calculate share exchange part of consideration. Such mishaps can be avoided by doing lots of exam standard question practice. That way, the technical mastery is achieved easily.

(v) A small proportion of candidates were using the fair values of net assets that included reporting date amounts for fair value land, brand and plant instead of acquisition date fair values. This shows the lack of basic understanding of consolidation principles by those who were victims.

(vi) Most candidates were unable to correctly account for intercompany group cancellation and cash in transit. 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. Again, this area easily gets sorted with much question practice as it is a common part of consolidation question adjustments.

(vii) Future candidates are reminded to read through examiners' reports of previous examinations to learn about common mistakes by past candidates. This helps candidates pay particular attention to problematic areas to others.

(viii) It was once more disappointing to note that most candidates failed to appreciate the fact that the acquisition of Kachele had taken place three (3) years before the reporting date under review and so the calculated depreciation amounts did not factor this in and so were incorrect. Future candidates are reminded to pay particular attention to period between acquisition and reporting.

(ix) While majority of candidates were able to calculate the share exchange consideration correctly, it was very disappointing to see a handful of candidates being unable to factor in values arising from share exchange consideration into equity of the parent despite the question clearly stating that only cash consideration had been recorded.

(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.

(xii) Most candidates failed to correctly calculate PUP despite it being a straight forward matter. Future candidates are reminded to understand the difference between mark up and margin as percentages. This appear to be contributing factor to the miscalculation. And also, to note that PUP only gets calculated on the goods sold intra-group but still held by the buyer.

(xiii) Few candidates were writing figures in thousands instead of millions after the '000 were knocked off. In the column headings which led to them failing to display correct figures in the process. For example, 11,250 would be entered as 112.5, subtracting 35 instead 3.5 for 3,500. Such errors were ignored by marking team but future candidates to be careful on the matter.

(xiv) Finally, few candidates ended theire answer on workings and nothing was posted to the consolidated statement of financial position. This seriously disadvantaged the candidates as a question like this gives candidates lots of marks that are straight from the question.

QUESTION TWO

The general performance on this question was poor. 18 of the 95 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 18.9% was recorded. The lowest mark recorded was 1 while the highest was 19.

This was a compulsory question that required the candidates to prepare a statement of profit or loss and other comprehensive income, a statement of changes in equity and statement of financial position for Chimtengo Ltd.

It was observed that many candidates performed so poorly as indicated by the failure rate above. This is unfortunate for such a predictable question. The following were the major challenges observed:

(i) As always, the adjusting notes were a total hustle for the candidates at this sitting as hardly did anyone arrive at meaningful adjusting amounts. Most candidates could not correctly adjust for note (ii) on sales and purchases after date. Candidates failed to appreciate the IAS 2 rule that require inventory at the reporting date to be used to compute cost of sales and recognize year end asset of inventory. In this exam, inventory count took place after the reporting date and subsequently, purchases and sales after date needed to be reversed (with sales being reversed using cost) wherever they sat in cost of sales calculation and inventory ascertainment.

(ii) Many candidates failed to correctly account for the revaluation of Leasehold property and its depreciation. First, these candidates failed to appreciate the fact that revaluation took place at the end of the year and needed depreciation to be calculated and adjusted for, before calculating revaluation movement. Further, the revaluation surplus of K1,500 occurred after the revaluation loss (impairment loss) in the previous year and hence needed not be credited to other comprehensive income but reverse the loss in the profit or loss statement.

(iii) A reasonable number of candidates had a challenge to correctly calculate finance cost current and non-current liabilities from the right of use asset. It was observed the lease rental payment in 'arrears was not correctly put into consideration hence the mess in the answers.

(iv) A good number of candidates did not recognize the fair value loss on the face of the statement of profit or loss despite it having been calculated within workings. Future candidates are reminded to pay attention to required presentation on a number of areas.

(v) 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.

(vi) One other serious mishap was the inability by most candidates to show fair value loss on investment property as a stand-alone item on the face of statement of profit and loss. Instead, it only ended in calculation within workings. Full marks could therefore not be attained.

(vii) The other shortcoming was a few candidates that did not show any workings for this question and opted to do workings on calculator and transfer from calculator to final answer. Such candidates would not be anywhere near to passing the exam as most marks are achieved through workings.

(viii) On the positive note, most candidates, that performed well on this question demonstrated the ability to calculate income tax charge without struggle, PPE at carrying amount at the reporting date, Fair Value of investment property at the reporting date and new share issue values. Most important, they were able to bring amounts that did not require any adjustments into their respective places.

QUESTION THREE

The general performance on this question was poor. 31 of the 86 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 36.0% was recorded. The lowest mark recorded was 1 while the highest was 22.

This could be due to complexity of current question that appear moderate as it involved same entity year on year comparison unlike previous diet where entity performance had to be compared with sector entities using average ratios. Additionally, it may be due to candidates having used the weaknesses reported in previous examination to improve on the performance of a similar topic.

The question had two (2) parts (a) and (b). Part (a) required candidates to calculate ratios for the year ended 31 March 2023 for Mukwa Plc equivalent to those provided in the question. Part (b) required candidates to analyse the financial performance and position of Mukwa Plc for the two (2) years ended 31 March 2023 and 31 March 2022

Part (a) was very well attempted by majority of candidates whereas part (b) had few candidates answering it so well with majority's answers being empty as far as interpretation is concerned. The following challenges were observed:

Part (a):

(i) The calculation of ratios part was extremely well done by most of the candidates except few that struggled with identification of appropriate extraction of figures to substitute in formulae.

(ii) A handful were not sure of the formulars to start with and such failed to calculate relevant required ratios.

(iii) Future candidates are reminded to not give a chance to such mishaps as ratio calculation gives any candidate at this level some free marks in a way.

(iv) For ROCE and Gearing ratios, some candidates were leaving out the shareholders' funds in the denominator for the calculation.

(v) Some candidates had challenges with the denominator in calculating Interest Cover and got the number of times wrong.

Part (b)

(i) This part was mostly poorly attempted. Of those that answered this part, the following were the major challenges noted.

(ii) Candidates' major weakness was, not referring to the so much available data to explain likely reasons for the ratio movement. Data such as the financial statements movement, disposing off noncurrent assets at a profit, reducing employee numbers, outsourcing product construction and product streamlining were all vital pieces of data to use to justify certain ratio movements. Anyone who referred to how this affected certain ratios achieved very high marks for themselves.

(iii) Lack of mention of any of these activities undertaken especially during the year ending 31 March 2023 meant that the interpretation was too empty and no many marks could be awarded.

(iv) A handful of candidates showed lack of knowledge on the formulars for the calculation of the ratios as well as interpretation as they mostly only indicated performance was better without giving possible reasons why it was better.

(v) In few cases, some candidates used report format to present their answer. This was not required by the question. Future candidates are reminded to pay particular attention to question requirement in totality, and not to assume that because previous diet(s) question required a report format for the answer, then all questions do, not the case at all.

(vi) Most candidates were not able to analyze the ratios in comparison to the previous year but only to calculate and give it a good performance status and poor performance status. This did not amount to interpretation at all.

(vii) Further, good answers made comments on appearance of profitability ratios in the absence of a gain from disposal of surplus assets. Such points were highly rewarded.

(viii) A handful of candidates at this sitting were just calculating all the ratios without any analysis. This disadvantaged them a lot as larger proportion of marks were allocated to analysis.

(ix) On the other hand, there were two candidates that only provided interpretation without ratios and lost a handful of marks. This was so strange because ratios are a vital part of the interpretation process.

(x) Very poor answers used same point from the scenario's events that were meant to improve performance as reason for movement of all ratios calculated. This was quite poor way of interpreting.

(xi) A few candidates were giving analyses that were not agreeing with the calculated ratios. Future candidates are reminded that while analysis based on wrongly calculated ratios is awarded marks, the analysis ought to speak to the wrong ratios and not the blues.

QUESTION FOUR

The general performance on this question was poor. None of the 33 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 0% was recorded. The lowest mark recorded was 1 while the highest was 11.

This question was the least attempted of all the questions. The question had four (4) parts in scenario formats namely client 1, client 2, client 3 and client 4. The following challenges were observed:

Client 1 scenario:

(i) Client 1 scenario was on a convertible loan note for which candidates were required to explain the required accounting treatment and show effects on the financial statements of Fimbo Co.

(ii) Most of the candidates were not able to explain the required accounting treatment of the loan. Few candidates explained initial and subsequent measurement. Majority of the few candidates that attempted could only do split accounting and that was all.

(iii) Future candidates are reminded that such a question would require explanation about procedure for splitting debt from equity option, explain initial measurement of the instrument, and explain subsequent measurement rules for the separate instruments.

(iv) The effect on financial statements required candidates to state amount of finance cost, debt component and equity component to be shown in financial statements for the year ended 31 March 2023.

(v) This effect was hardly talked about except the initial measurement of liability and equity components.

Client 2 scenario Client 2 scenario was on goods sold on sale or return basis. The few candidates that attempted this question hardly attempted to say anything on this part of the question and those that did say something were totally off target. The candidates failed to realize that client 2 had not achieved a sale on the goods sold as return date was falling outside the accounting period. As such, everywhere where an entry for a sale sits had to be reversed by debiting revenue and crediting receivables with the sale value. Also debiting inventory and crediting cost of sales with cost of the goods.

Client 3 scenario

(i) Client 3 scenario was on income taxes IAS 12. The scenario gave opening balances for current and deferred tax and closing balances for the same and asked for the explanation on required accounting treatment by Fimbo Co.

(ii) The few candidates that attempted this question showed lack of knowledge about the accounting standard. They hardly calculated the correct amount of tax to be charged to profit or loss and the explanation was nonexistent.

(iii) Future candidates are reminded to study this standard for it is one of the common standards in many examinations for financial reporting.

Client 4 scenario

(i) Client 4 scenario was on IAS 23 Borrowing Costs. Specifically, generally borrowed funds.

(ii) The few candidates that attempted this question struggled to calculate the weighted average capitalization rate and expressed ignorance on how to apply the calculated rate.

(iii) The pro rating of the period for the interest calculation was a challenge for most candidates. In most cases no proration was done at all.

(iv) Lack of explanation made most candidates to lose some marks as most candidates only brought in figures.

(v) Explanation should have bordered on the fact that it was generally acquired loans and so an average rate needed to be calculated by a particular formular and the resulting rate needed to be used in a manner that interest is applied to the amount drawn and proportionate number of months for which in use to be added.

(vi) Most candidates were reducing the inventory figure with the goods sold of 12000 instead of the 20%.

(vii) Very few candidates unsuccessfully stated the accounts that were affected by the goods sold.

QUESTION FIVE

The general performance on this question was poor. 4 of the 63 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 6.3% was recorded. The lowest mark recorded was 0 while the highest was 20.

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

(i) Part (a) (i) required candidates to distinguish between consumable biological assets and bearer biological assets. This part was fairly attempted by a reasonable number of candidates with few expressing total ignorance of IAS 41 Agriculture.

(ii) Part (a) (ii) required candidates to explain IAS 41 guidance on measurement of biological assets. Again, only a handful of candidates were able to state the correct principle on the matter. Future candidates are reminded that the theoretical portion of the standards are extremely important to learn for such theory questions.

(iii)Part (b) (i) of the question required candidates to distinguish between the accounting treatments of change in accounting policy from that of change in accounting estimate. It also required candidates to give an example of each change. This part was scanty from those that attempted. No appropriate satisfactory explanation was given by majority attempters. Again this shows how much financial reporting students do not pay attention to learning main principles on the standard.

(iv) Part (b) (ii) required candidates to give the circumstances under which it is appropriate to change an accounting policy. Answers were completely off target from a lot of candidates. Only a handful were able to correctly give the circumstances.

(v) Part (c) required candidates to briefly explain the main responsibilities of the bodies involved in the formulation of international accounting standards. The candidates' answers were reasonable with few of them struggling with right number of required points as per mark allocation.

(vi) In extreme cases, a few candidates completely left this part of the question unattempted.

Overall performance of candidates

Highest mark obtained in this paper   65%

Lowest mark obtained in this paper   14%

Overall pass rate in this paper   23.3%

SUBJECT: DA9: MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was poor. 11 of the 98 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 11.2% was recorded. The lowest mark recorded was 0 while the highest was 17.

The question examined basic variances, advanced variances and the advantages and disadvantages of Zero Based Budgeting (ZBB).

The performance by candidates on this question was poor and the specifics are as follows:

Part (a) (i) Material price variance for each material was well answered by most candidates. However, very few candidates provided the answer for material total cost variance.
Part (a) (ii) Material mix variance for each material was well answered by most candidates. However, material mix total variance was not calculated by most candidates.

Part (a) (iii) Material yield variance in total was very poorly answered by almost all candidates.
Candidates should first learn the formulae for all variances examinable in their syllabus and then practice how to apply the formulae in questions of various scenarios.
Part (b) (i), (ii) ,(iii) and (iv)The performance was generally poor as most candidates were writing about favourable and unfavourable variances instead of giving answers for the possible causes of variances.

Part (c) (i). This part was poorly answered by most candidates as most candidates calculated the budgeted fixed overhead only without adding the fixed overhead expenditure adverse variance to arrive at the actual fixed overhead.

Part (c) (ii). This part was poorly answered by most candidates. Candidates were expected to calculate the fixed overhead volume variance in units and depending on whether the answer is favourable or adverse to add to or subtract from the budgeted 15 million units.

Part (d). The advantages' part was fairly answered while the disadvantages part was poorly answered by most candidates. Examples of disadvantages: which candidates should have stated are: ZBB requires extra paper work, requires a lot of management

time, emphasizes short term benefits at the expense of long term ones, ranking process may be difficult and managers need to be trained in ZBB techniques.

QUESTION TWO

The general performance on this question was poor. 30 of the 93 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 32.3% was recorded. The lowest mark recorded was 0 while the highest was 23.5.

The overall performance on this question was satisfactory.

This is the second compulsory questions in Section A. 96% of the candidates answered this question and 33% of these got 50% or more of the 25 marks available.

Question Two required candidates to prepare functional budgets and a master budget in parts (a) and (b); and to explain flexible budgeting in part (c).

Part (a) was well attempted and candidates were able to obtain good marks. However, a good number of candidates had problems regarding the treatment of opening inventory and closing inventory.

This same challenge of how mixing treatment of opening and closing inventory affected many candidates when it came to calculating purchases of materials.

The labour cost budget was well attempted save for a few candidates who used wrong production figures.

Part (b) was poorly answered. Sales figures were wrongly computed as well the cost of sales.

Part (c) on the explanation of the term 'flexible budget' was well attempted and a good number of candidates were able to give the correct explanation.

QUESTION THREE

The general performance on this question was poor. None of the 19 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 0.0% was recorded. The lowest mark recorded was 1 while the highest was 10.5.

The question was examining the following:
(a) Computation of the profit of the alternative courses of action open to EEP Ltd.

(b) Recommending the most profitable alternative.

(c) Explaining the concept of throughput accounting.

The performance by candidates was very poor and the specifics are as follows:

Part (a): Candidates successfully computed the contribution for each product but failed to compute the total contribution.
On introduction of Cinnamon flavour, candidates were not calculating the contribution per week for each given quantity, i.e 30,000 units, 40,000 units and 50,000 units, to arrive at the highest contribution per week from the three given quantities. The units giving the highest contribution per week were needed in order to compute the net benefit after subtracting overheads. Failure to follow the procedures stated above led to candidates failing to get the correct answers.

Part (b): Most candidates stated that Garlic should be replaced with Cinnamon, which is the correct answer; despite their failure to support it with computations in (a) above.

Part (c): This part was well answered by candidates.

QUESTION FOUR

The general performance on this question was good. 51 of the 98 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 52.0% was recorded. The lowest mark recorded was 2 while the highest was 25.

This question required candidates to: (a) calculate the breakeven point, margin of safety, units to earn a target profit and CVP assumptions; and (b) to explain differences between management accounting and financial accounting ; role of a management accountant in information provision.
This question was very well attempted.

Common errors for poorer candidates included:
(i) Failure to calculate the correct contribution.

(ii) Not recognizing that in this question, labour was a fixed cost.

(iii) Not attempting the question in full.

(iv) Giving wrong CVP assumptions.

(v) Giving wrong answers for the role of management accountant such as relevance, completeness, reliability and comparability. These are characteristics of good information.

QUESTION FIVE

The general performance on this question was poor. 25 of the 72 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 34.7% was recorded. The lowest mark recorded was 1 while the highest was 21.

This question requested candidates in part (a) to compute the cash operating cycle and this part was well attempted.

In part (b), candidates were required to explain four benefits of factoring and also explain with recourse and without recourse factoring.
There was mixed performance here: some did very well and others did badly.

In part (c), candidates were required to explain four pricing strategies and the advantages of invoice discounting over factoring with recourse.
There was mixed performance here: some did very well and others did badly.

Common errors included:
(i) Giving wrong pricing strategies such as throughput accounting, target costs, etc.

(ii) Not attempting all parts of the question

(iii) Failing to calculate the cash operating cycle

Overall performance of candidates
Highest mark obtained in this paper   70%
Lowest mark obtained in this paper   10%
Overall pass rate in this paper   36.4%

SUBJECT: DA10: TAXATION

QUESTION ONE

The general performance on this question was poor. 5 of the 21 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 23.8% was recorded. The lowest mark recorded was 5 while the highest was 20.

The question examined taxation of companies.

Part (a) required candidates to calculate the amount of capital allowances claimable for by the company. The most common weaknesses demonstrated by candidates included:

(i) Failure to apply the 10% test correctly to determine the part of the building qualifying as an industrial building and the component to be classified as commercial buildings.

(ii) Using the wrong rates to compute the wear and tear allowances on implements, plant machinery and buildings.

(iii) Failure to calculate capital allowances on assets which were stated at VAT inclusive values by using the fraction 25/29 to arrive at the VAT exclusive amounts. VAT is always calculated on the VAT exclusive values except for assets on which input VAT is irrecoverable such as motor cars.

In part (b) candidates were required to calculate the tax adjusted business profits for the year.

The following were the common mistakes observed:

(i) Failure to distinguish allowable expenditure from non-deductible expenditure when computing the tax adjusted business profit.

(ii) Adding back the wrong amount of the accommodation benefit in respect of the free residential accommodation provided to the company's employees.

(iii) Adding back the wrong amount of the personal to holder motor car benefit in respect of the motor cars provided to the directors on a personal to holder basis.

(iv) Failure to make appropriate adjustments for the investment income received by the company.

In part (c) candidates were required to calculate the company income tax payable for the year. The most common challenges faced by candidates included the following:

(i) Not grossing up investment income which is suffers withholding tax which is not final when computing the taxable income for the company.

(ii)   Using the wrong rates to compute the company income tax payable. Candidates did not deduct the 2% discount for listing shares on the LUSE during the year and the additional 5% discount which is given for issuing at least one third of shares to indigenous Zambia.

(iii)   Failure to make appropriate adjustments for the provisional income tax already paid and the withholding tax paid on the debenture interest income.

QUESTION TWO

The general performance on this question was good. 11 of the 20 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 55.0% was recorded. The lowest mark recorded was 0.5 while the highest was 25.

In part (a) candidates were required to calculate the partnership's taxable business profits for the year. The most common challenges faced by candidates included the following:

(i)   Failure to make appropriate adjustments for non-deductible expenditure when computing the tax adjusted business profit.

(ii)   Using the wrong rates to compute the capital allowances for the partnership business.

(iii)   Deducting capital allowances on personal private vehicles for the partners when computing tax adjusted partnership profit. Capital allowances on partner's private vehicles should be deducted from their individual share of partnership profits after allocating profits to each individual.

In part (b) candidates were required to determine the allocation of taxable profits to each partner. The most common challenges faced by candidates included the following:

(i)   Not apportioning the year into the correct number of months before and after the changes to the terms of the partnership agreement. This also resulted in such candidates calculating the wrong amounts of salaries to be allocated to each partner.

(ii)   Using the wrong rates to compute the capital allowances available on the personal motor cars of the partners.

(iii)   Not deducting of capital allowances on partners private vehicles, when computing the final amounts of profits to be assessed on each individual.

In part (c) candidates were required to calculate each partner's income tax payable for the tax year. Some candidates used the wrong tax rates to compute the income tax liability for each partner.

QUESTION THREE

The general performance on this question was good. 11 of the 15 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 73.3% was recorded. The lowest mark recorded was 6.5 while the highest was 22.

The general performance on this question was very good. 11 out of the 15 candidates who attempted the question obtained 13 marks and above out of the 25 marks available. A pass rate of 73.3% was recorded. The lowest mark recorded was 7 whilst the highest was 22.

This question examined taxation of farming and non-farming income.

Part (a) required candidates to explain how the ethical principles of integrity and confidentiality apply in the provision of taxation services and was generally answered well.

In part (b) (i), candidates were required to calculate the taxable profit, after capital allowances, from farming operations for the year. Some of the candidates used the wrong rates to compute capital allowances for some assets. A few candidates used the rate of 100% on expenditure incurred on developing a plantation instead of the rate of 10%.

In part (b) (ii) candidates were required to calculate the taxable profit, after capital allowances, from the retail trade for the year. Some candidates failed to identify the disallowable expenditure which should have been added to net profit before tax in arriving at tax adjusted business profit.

In part (b) (iii) candidates were required to calculate the amount of income tax payable for the year. The following were the mistakes observed:

(i) Failure to gross up the royalties before including the income the computation of the total taxable income.

(ii) Using the wrong rates to compute the income tax arising on the farming and non-farming income.

(iii) Failure to treat the withholding tax on royalties as a tax credit when computing the final income tax payable.

QUESTION FOUR

The general performance on this question was good. 9 of the 16 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 56.3% was recorded. The lowest mark recorded was 6 while the highest was 17.5.

This question covered on Customs and Excise duties and Value Added Tax.

In part (a) (i), candidates were required to explain the procedure to be followed in order to clear the imported motor vehicle. A few candidates demonstrated a lack knowledge of the customs clearance procedure and therefore failed to provide the required responses.

In part (a) (ii), candidates were required to calculate the amount of import tax paid on the importation of a secondhand motor car.The following were the mistakes observed:

(i) Including costs incurred within Zambia in the determination of the VDP for customs purposes.

(ii) Using the wrong exchange rate to compute the VDP in Zambian Kwacha terms.

(iii) Using the wrong customs and excise duties rates in determining the import taxes arising.

(iv)   Forgetting to add the surtax charge of K2,000 given that secondhand motor vehicle imported was aged more than five (5) years.

In part (b), candidates were required to calculate the VAT payable by the company for the month. The following were the mistakes observed:

(i) Claiming input VAT on items on which VAT is irrecoverable such as entertainment expenses for customers and employees as well as expenditure on the domestic accommodation of directors.

(ii) Not indicating using a zero (0) all items on which VAT is not recoverable or chargeable as required by the question.

(iii) Failure to compute the amount of non-attributable recoverable input VAT on the overheads.

(iv)   Failure to use the fraction of 4/29 to compute the correct amount of VAT on items which were stated at VAT inclusive amounts.

QUESTION FIVE

The general performance on this question was poor. None of the 8 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 0.0% was recorded. The lowest mark recorded was 6 while the highest was 17.5.

This question was on tax administration and taxation of employment income.

In part (a) (i), candidates were required to describe the composition of the ZRA Governing Board. Candidates demonstrated a lack of knowledge of the composition of the ZRA Governing Board and therefore failed to provide the required responses.

In part (a) (ii), candidates were required to state the powers of the Commissioner General. Candidates demonstrated a lack of knowledge of the powers of the Commissioner General and therefore failed to provide the required responses.

In part (b) (i), candidates were required calculate the total amount of withholding tax paid on the investment income received in the tax year. The following were the common mistakes observed:

(i) Failure to compute the correct amount of withholding tax (WHT) on royalties and interest on GRZ bonds by using the fraction 15/85 on the net amount. Most candidates used 15% on the net amount to calculate the amount of withholding tax deducted at source.

(ii) Calculating WHT on dividends at the rate of 15% instead of 0% given that the dividends were from a company listed on the LuSE.

(iii) Calculating withholding tax on bank interest at the rate of 15% instead of 0% given that the interest income received was from an account held with a financial institution by the individual.

In part (b) (ii), candidates were required to calculate the amount of income tax payable for the tax year. The following were the common mistakes observed:

(i) Treating exempt benefits as taxable emoluments,

(ii) Failure to calculate the correct amount of the taxable emoluments comprising the salary and allowances to be included in the computation before and after the salary increment.

(iii) Not grossing up the royalties before including the income in the computation of taxable income.

(iv) Failure to identify the allowable deductions as some candidates even deducted donations to a political party and NAPSA contributions which are not allowable.

Overall performance of candidates

Highest mark obtained in this paper   80%

Lowest mark obtained in this paper   24%

Overall pass rate in this paper   38.1%

SUBJECT: DA11: PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was poor. 6 of the 57 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 10.5% was recorded. The lowest mark recorded was 0 while the highest was 17.

Part (a)

This part of the question required candidates to explain areas that professional judgment would require to be used in the audit of the financial statements of High-End Fashion Sop Ltd using the information in the scenario. A sizeable number of candidates gave general answers from the text book without making reference to the information in the scenario. The performance in this part of the question was generally poor and the following observations were made:

(i) Some candidates discussed matters where professional skepticism should be applied instead of dealing with matters that require professional judgment and no marks were awarded for doing so.

(ii) Some candidates explained when and how professional judgment is required instead of describing when in the audit of HEFS Ltd professional judgment should be used.

(iii) Some candidates described the audit risks and stated that the auditors should apply professional judgment in dealing with these.

(iv)   There were candidates that explained the meaning of professional judgment without explaining the areas that it required to be used in the audit of the financial statements of HEFS Ltd.

Part (b)

This part of the question required candidates to explain 5 audit risks in the audit of HEFS Ltd in part (i) and in part (ii) to suggest suitable audit responses. Candidates are reminded that presentation in answering this type of question is important and the two parts could have been answered in columnar form or for each risk the possible response could be put just below. This way candidates could save valuable time rather than dealing with the two as separate questions.

The following observations were made:

(v) Some candidates discussed business risks for which no marks were given.

(vi)   There was a sizeable number of candidates that discussed less than the required number of audit risks and in some cases candidates either did not suggest suitable responses or gave wrong responses.

(vii)   There were candidates that gave substantive audit responses that should be performed instead of the audit team responses to the identified risks.

(viii) There were candidates that discussed management responses to the risks identified for which no marks were awarded.

(ix)   Some candidates correctly identified the audit risks in the scenario but could not explain why they are audit risks. Candidates need to explain the assertion in the financial statements that will be impacted by the identified audit risk.

(x) A sizeable number of candidates discussed weaknesses in answering this part which was not addressing the question requirement and no marks were awarded.

Part (c)

(i)   This part of the question required candidates to identify and explain significant risks in the audit of HEFS Ltd.

The following observations were made:

(i) Some candidates discussed audit risks in answering this part of the question for

which no marks were awarded.

(ii) There were candidates that discussed business risks instead of the significant risks

that are contained in the scenario.

(iii)Some candidates explained fraud risk factors generally instead of factors that

indicate that a risk is significant. Full marks were awarded to those that explained the significant risks in the scenario.The second part of (b) required candidates to describe 3 tests of controls related to any controls in the wages and salaries systems of HEFS Ltd.

Candidates needed to identify three internal control activities in the wages and salaries system and suggest a suitable test of control to be performed. Without describing an internal control activity, it is not possible to suggest suitable tests of controls.

The following observations were made:

(i) A sizeable number of candidates suggested audit procedures instead of describing tests of controls. To be able to do this candidates should have used any internal control activity to suggest a suitable test of control.

(ii) Some candidates discussed internal control weaknesses in the salaries and wages systems instead of suggesting tests of controls.

(iii)A few candidates explained component of internal control which did not address the question requirement and no marks were awarded for doing so.

Part (d)

This part of the question required candidates to explain 4 limitations of internal controls. This was a knowledge based questions and candidates needed to remember and simply state the limitations of internal control weaknesses which are clearly explained in the study manual.

The following were observed from those that scored low marks:

(i) There were candidates that discussed the weaknesses of the wages and salaries systems in the scenario instead of discussing in general the limitations of internal control systems.

(ii) Some candidates explained the meaning of internal controls others discussed the functions of the audit committee and yet they simply needed to remember the weakness of any internal controls. Candidates should note that despite there being internal controls in a system fraud and error may still occur and it is the weaknesses that cause this that needed to be discussed.

QUESTION TWO

The general performance on this question was fair. 27 of the 56 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 48.2% was recorded. The lowest mark recorded was 3 while the highest was 19.

Part (a)

(i) This part of the question required candidates to identify deficiencies in internal controls clearly explaining the implications of the deficiencies.

(ii) This part of the question required candidates to suggest suitable recommendations to address each deficiency identified in (i).

These two parts of the question could best be answered in columnar form. Generally the performance in this part was generally good with most candidates scoring more than half the available marks. Most of the candidates scored high marks in this part of the question. A sizeable number did explain the possible implications but no marks were deducted for not doing so as long as candidates fully explained the internal control deficiency.

The following observations were made:

(i) There were candidates that explained fewer than the required six deficiencies and others did not discuss the recommendations to remedy the deficiencies.

(ii) There were candidates that gave incorrect responses to the explained internal control weaknesses. For example for the weakness of no there being an independent person to check wages calculations the recommendation given was that of monitoring controls.

Part (b)

This part of the question required candidates to describe 6 substantive audit procedures to confirm the assertions of accuracy and completeness in the audit of the financial statements of Chongo Industries' payroll costs. The performance in this part of the question was poor.

The following observations were made:

(i) A large number of candidates tried to suggest less than half the required number of audit procedures.

(ii) Many candidates explained the methods used to perform audit procedures without specifying the procedure that will be performed. For example explaining inspection, observation or any of the other methods of obtaining evidence.

(iii) There were candidates that explained financial statement assertions of accuracy and completeness instead of explaining the procedures required to test those assertions.

Part (c)

This was a knowledge based question requiring candidates to explain the management and auditor responsibilities with regards laws and regulations in the audit of the financial statements of Chong Industries Co.

The performance was generally good but the following were observed on the candidates that performed poorly:

(i) Some candidates wrongly suggested that the auditors are responsible for ensuring that management complies with relevant laws and regulations.

(ii) Very few candidates showed knowledge of the provisions of ISA 250 which gives guidance in this area. To get maximum marks, candidates should have given at least two valid points for each of management and auditors responsibilities. Management has the primary responsibility for ensuring adherence with laws and regulations while auditors require to obtain evidence that the financial statements are not misstated due to non-compliance with laws and regulations. The auditors require to perform audit procedures on compliance with laws and regulations.

Part (d)

This part of the question required candidates to explain 3 factors that should be considered before deciding to place reliance on the work performed by the internal audit department.

(i) There were candidates that explained the differences between internal and external auditors which were not answering the question requirement.

(ii) Others discussed matters that should be considered in deciding whether to set up an internal audit department or not such as cost. Candidates should have known that the question assumes that an internal audit department is already in existence and the factors required are those that external auditors should consider if they wished to rely on the work of internal auditors.

QUESTION THREE

The general performance on this question was fair. 23 of the 57 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 40.4% was recorded. The lowest mark recorded was 0 while the highest was 21.

Part (a)
This part of the question required candidates to explain 3 benefits of having non-executive directors on the board of directors. A majority of the candidates scored most of the available marks. A few candidates discussed the roles of the audit committee which is just one of the roles that non-executive board members paly by being members of the audit committee.

Part (b)

(i)   This part of the question required candidates to explain 6 ethical threats in the audit of the financial statements of Sakala Co.

(ii)   This part is related to part (i) and required candidates to suggest suitable safeguards to the ethical threats in (i).

These two parts should have best been answered in columnar form. A majority of the candidates scored half or more of the available marks.

The following observations were made:

(i) Many candidates explained the general threats to adherence with ethics of self-interest, self-review, intimidation and the others instead of dealing with specific threats in the scenario. Unless the above were related to information in the scenario, no marks were awarded.

(ii) There were candidates who have less than the required number of threats and in some cases candidates did not give suitable safeguards to address the threats explained.

(iii)There were candidates that explained the general threats to the independence of the auditors such as self-interest and self-review without making any reference to the information in the scenario.

(iv)   There were candidates that picked a matter in the scenario and tried to apply it to the five general threats to the independence of the auditors.

(v) A few candidates discussed matters from the perspective of the company and yet ethical matters relate to the auditors.

Part (c)

This part of the question required candidates to discuss the benefits of an internal audit department to Sakala Co. candidates needed to simply explain the functions of the internal audit department.

A majority of the candidates focused on the role of internal auditors with regards fraud only. Candidates needed to explain other roles of the internal audit functions including performing operational audits, value for money audits and investing fraud among others.

Part (d)

This was a knowledge based question that required candidates to explain 4 benefits of audit planning. Disappointingly there was a sizeable number of candidates that scored poorly in this question.

The following observations were made:

(i) There were candidates that focused on discussing the requirements of ISA 315 which is one of the benefits of audit planning in that the auditors are able to identify the audit risks that exist.

(ii) Several candidates were only able to give one or two benefits of audit planning and lost the rest of the easy marks.

QUESTION FOUR

The general performance on this question was poor. 2 of the 42 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 4.8% was recorded. The lowest mark recorded was 0 while the highest was 18.

Part (a)

(i)   This was a knowledge based question requiring candidates to explain 2 responsibilities of management and three of the auditors with regards going concern. Candidates needed to know the provisions of ISA 570 *Going concern* in answering this question.
The following observations were made:

- Some candidates wrongly explained that the auditors have a duty to ensure that the company is a going concern.

- There were wrong answers given such as that the auditors require to assess the ability of the company as a going concern because they will be need to be paid the audit fee.

(ii)   This part of the question required candidates to explain 5 substantive audit procedures regarding the reevaluation of property in the audit of the financial statements of Pungwa Co. The performance in this part of the question was below expectation and the following were observed:

- Some candidates discussed methods of obtaining evidence such as recalculation without explaining how they could be used in designing suitable audit procedures.

- A sizeable number of candidates described less than the required 5 audit procedures.

- It was clear that a majority of the candidates did not know the accounting for the revaluation of properties and so could not suggest suitable audit procedures that should be performed.

- Some candidates described audit procedure for property instead of the revaluation of property for which no marks were awarded.

(iii)   This was a knowledge based question requiring candidates to explain 3 reasons for the use of sampling in the audit.
Some candidates explained three methods of sampling which was not the question requirement and no marks were awarded. Candidates should ensure they address the question requirements to gain maximum marks.

(iv)   This was a knowledge based question requiring candidates to state four factors that influence the reliability of audit evidence.
The majority of the candidates explained the general qualities describing the reliability of audit evidence. Those that scored low marks mostly explained less than the required number of valid points.

Part (b)

(i)   This is a knowledge based question that required candidates to explain the need to communicate with those charged with governance. Candidates needed

to know the requirements of ISA 260 *Communicating with those charged with governance* in answering this part of the question.

The following observations were made:

- Most candidates seemed not to know who those charged with governance are and as a result could not explain the need for the auditors to communicate with them. This is the board of directors which is responsible for the success of the company and they require to know how the audit is progressing.

- For 4 marks candidates needed to explain a minimum 4 valid points and those familiar with the provisions of ISA 260 should have had no trouble answering this part of the question. Candidates should be guided by the marks available in deciding how many points will gain maximum marks.

(ii) This part of the question required candidates to explain 4 audit procedures in the audit of payables in the audit of the financial statements of Pungwa Co.
The performance on this part of the question was poor with a large number of candidates scoring less than half the available marks.
The following observations were made:

- Many candidates could not suggest 4 audit procedures as required and so lost easy marks.

- There were candidates that explained the methods of obtaining evidence such as recalculation without describing the audit procedure to be performed.

QUESTION FIVE

The general performance on this question was poor. 1 of the 6 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 16.7% was recorded. The lowest mark recorded was 2 while the highest was 14.

Part (a)
This part of the question required candidates to describe 1 audit procedure for each of 5 transactions in the scenario.

The performance in this part of the question was below expectation and candidates needed to be clear and relate the audit procedures to each of the five transactions in the question.

The following observations were made:

- A good number of candidates explained the meaning of substantive audit procedures instead of suggesting procedures to be performed for the transactions in the question.

- Others discussed methods of obtaining evidence without describing the audit procedures that should be performed.

- Others did not suggest audit procedures for some of the transactions and so losing the marks attributed to doing so.

Part (b)

This part of the question required candidates to suggest 4 audit procedures for the receivables figure. Candidates required to know the accounting for receivables including the age analysis and the receivables control account to be able to answer this part of the question satisfactorily.

The following observations were made:

- Candidates lost marks by simply explaining the assertions relating to receivables without explaining the required audit procedures.

- A majority of the candidates only explained confirmation as the audit procedure instead of dealing with others to make a total of 4 audit procedures. Auditors should use the assertions to decide on the procedures that should be performed.

Part (c)

This part of the question required candidates to describe 4 audit procedures on the loan in the audit of the financial statements of Benut Ltd.
The performance in this part of the question was poor with most candidates scoring less than half the available marks.

The following observations were made:

- Candidates lost marks by giving only one procedure against the 4 required.

- Some candidates lost marks by explaining factors that should be considered before getting the loan such as the duration of the loan which is not an audit procedure to obtain evidence on a loan that is already there.

Part (d)

(i)   This part of the question required candidates to explain the audit procedures that should be performed in the valuation of inventory.
      The following observations were made:

      - Many candidates simply did not attempt to answer this part of the question.

      - A sizeable number of candidates did not know the meaning of net realizable values suggesting lack of understanding of the provisions of IAS 2 *Inventory*

which requires that inventory should be valued at the lower of cost and net realizable value.

(ii)   This part of the question required candidates to explain the conditions that can justify the use of the negative form of the receivables confirmation.
Candidates needed to have noted that in most instances the positive form of confirmation is preferred because it provides evidence of the response from the receivables. It was disappointing to note that a sizeable number of candidates appear not to know the instances when negative confirmation is considered appropriate.

The following observations were made:

- A large number of candidates could not give the 5 conditions as required and instead gave less than that number some of which were wrong.

- Many candidates explained the meaning of negative confirmation which was not answering the question requirement and no marks were given for doing so,

- There were candidates that gave answers that were clearly wrong such as that negative confirmation is more accurate without considering the facts that were clearly in the scenario to justify the use of this method of confirmation.

Part (e)
This part of the question required candidates to describe 2 audit procedures in the audit of the depreciation amount in the audit of the financial statements of Benut Ltd.

The following observations were made:

- A few candidates gave and explained audit procedures for the computers for which no marks were awarded.

- There were answers that were clearly wrong such as inspecting the computers for existence.

Overall performance of candidates

Highest mark obtained in this paper   60%

Lowest mark obtained in this paper   11%

Overall pass rate in this paper   13.6%

SUBJECT: DA12 GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was poor. 2 of the 41 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 4.9% was recorded. The lowest mark recorded was 0 while the highest was 15.

(a) This was a scenario question based on corporate governance. The performance under this part of the question was poor. This clearly showed the inability of the candidates to apply the principles learnt.

(b) Equally here the performance was poor.

(c) Half the candidates failed to explain who a promoter is, and his duties.

Candidates must pay attention to detail if they are to successfully sit for their exams.

QUESTION TWO

The general performance on this question was fair. 18 of the 40 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 45.0% was recorded. The lowest mark recorded was 2 while the highest was 24.

The question had three parts.

(a) Candidates understood the pros and cons of both the Sole trader and a Company.

(b) This question was answered well by candidates

(c) The question was based on Corporate Governance. Most of the candidates answered the question on meetings very well.

QUESTION THREE

The general performance on this question was good. 6 of the 10 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 60.0% was recorded. The lowest mark recorded was 1 while the highest was 18.

(a) This part was based on reduction of share capital so was part (b); of the candidates who attempted this question only about 5 in total wrote the correct answer.

(c) This part was still under corporate finance and again, very few candidates managed to give the correct answer.

The few who managed to answer correctly displayed knowledge on the subject while others seemed not have studied the topic.

It's important that the students devote enough time to studying topics such as this especially due to the fact that it is an important but complicated topic.

QUESTION FOUR

The general performance on this question was good. 25 of the 39 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 64.1% was recorded. The lowest mark recorded was 4 while the highest was 22.

QUESTION FIVE

The general performance on this question was good. 19 of the 32 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 59.4% was recorded. The lowest mark recorded was 4 while the highest was 25.

This question required candidates to explain the role of a chief executive officer in a company and to discuss the distinction between a fixed and floating charge. Candidates were able to answer the question, except on the distinction between fixed and floating charge, a number of candidates did not give adequate detail in accordance to the marks allocation.

Overall performance of candidates

Highest mark obtained in this paper   68%

Lowest mark obtained in this paper   15%

Overall pass rate in this paper   70.7%