JUNE 2024 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN TAXATION

SUBJECT: C1: PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on this question good. 2 out of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 0, whilst the highest was 17 out of 20 marks.

This question had four (4) parts; (a), (b), (c) and (d)

Part (a): Candidates were required to define the aim of business management
Comment: most candidates correctly defined the aim of business management

Part (b): Candidates were required to explain three major characteristics share by banks, mobile service providers and churches.
Comment: Most candidates were able to identify and correctly explain the three (3) characteristics.

Part (c): Candidates were required to identify three (3) major ownership restrictions that are in a private limited company.
Comment: The performance on this question was fair as majority of candidates who attempted correctly identified the ownership restriction that are in private limited company

Part (d) Candidates were required to list down four (4) things that are necessary for a valid partnership to exist according to Block (1993).
Comment: Most candidates struggled as they could not recall the characteristics and demonstrated lack of knowledge hence performed poorly generally on this.

QUESTION TWO

The general performance on this question excellent. All the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 12, whilst the highest was 14 out of 20 marks.

This question had two (2) parts; (a) and (b).
Part (a) Candidates were required to define the following terms:
- Market research
- Marketing research
- Test marketing
- Marketing

Comment: Majority of candidates answered this question correctly

Part (b)

    (i)   Candidates were required to determine the aim of the diversity policy.
            Comment: This was well answered by most candidates.

    (ii)   Candidates were required to give three (3) examples of how managers can respond to the diversity policy.
            Comment: Most candidates performed fairly well on this part.

QUESTION THREE

The general performance on this question poor. Only 1 out of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 33.3%. The lowest score was 6, whilst the highest was 12 out of 20 marks.

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

Part (a): Candidates were required to explain four (4) factors describing the importance of control in an organisation.
Comment: Most candidates used their general knowledge and literal meaning of control rather than theoretical knowledge and understanding. The performance was poor on this part.

Part (b): Candidates were required to define four (4) management practice steps in the control process.
Comment: Most candidates were able to bring out the steps but not in the specific order. Marks were awarded for each correct step. The performance on this part was fair.

Part (c): Candidates were required to describe three (3) forces that describe motivation
Comment: Most candidates demonstrated ignorance on this part and the performance was generally very poor.

Part (d): Candidates were required to define concepts of intrinsic and extrinsic rewards.
Comment: This part was well answered as candidates demonstrated full understanding with relevant examples.

QUESTION FOUR

The general performance on this question excellent. All the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 16, whilst the highest was 20 out of 20 marks.

This question had three (3) parts; (a), (b) and (c).

Part (a): Candidates were required to differentiate between formal and informal organisations.
Comment: Most candidates were able correctly differentiate between the two hence performed well.

Part (b): Candidates were required to outline ten (10) stakeholders.
Comment: This was a very easy part of the question and candidates performed very well except a few who could not outline up to ten (10) stakeholders.

Part (c): Candidates were required to state what acronym SWOT stands for.
Comment: This was another easy part and most candidates managed to state and the performance was very good.

QUESTION FIVE

The general performance on this question excellent. All the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 10, whilst the highest was 16 out of 20 marks.

This question had three parts; (a), (b) and (c)

Part (a): Candidates were required to between training and development
Comment: Most candidates were able to differentiate between training and development hence the performance on this part was generally good.

Part (b): Candidates were required to state five (5) steps in a receptive learning climate.
Comment: Most candidates struggled on this part and performed poorly in general

Part (c): Candidates were required to list down three (3) barriers to effective communication
Comment: This part was well answered by most candidates hence performance on this part was very good.

Overall performance of candidates

Highest mark obtained in this paper   74%

Lowest mark obtained in this paper   46%

Overall pass rate in this paper   66.7%

SUBJECT: C2 ECONOMICS & FINANCIAL MATHEMATICS

QUESTION ONE

The general performance on this question poor. Only 3 out of the 10 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 30%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

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

(a) Required candidates to define Gross Domestic Product. This was fairly well answered though some candidates defined Gross Domestic Product while others presented answers which should have been for (b) below.

(b) Required candidates to explain the four components of aggregate Demand. The overall performance on this part of the question was poor. Some candidates included income, taxes, and so on in their answers! Aggregate demand (AE) = C + I +G + NX. Others were able to list the components correctly but did not explain them as required.

(c) Required candidates to outline any three sources of income to the government. This was correctly answered by all candidates.

(d) Required candidates to describe (i) expansionary fiscal policy and (ii) contractionary fiscal policy. Performance was poor. Some candidates confused fiscal and monetary policies hence talked about the role of the Bank of Zambia! Other candidates just brought one component of fiscal policy namely taxation. The correct answer should describe what happens to government expenditure and tax rates.

QUESTION TWO

The general performance on this question good. 6 out of the 10 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 60%. The lowest score was 7, whilst the highest was 18 out of 20 marks.

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

(a) Required candidates to explain four functions of money. This was well answered by majority of the candidates. The common mistakes included merely listing the functions and not explaining them as required. Further, some candidates presented qualities of money rather than the functions of money!

(b) Required candidates to state the Law of comparative advantage. This was fairly well done, though very few candidates would clearly bring out the key concept in comparative advantage namely opportunity cost.

(c) Required candidates to describe any two common incoterms used in international trade by stating one responsibility for the buyer and seller for each incoterm named. Performance was poor. Some candidates presented responsibilities without stating the incoterm that those responsibilities applied. Other presented payment methods in international trade instead of the incoterms as required.

(d) Required candidates to list any four functions of the Lusaka Stock Exchange. Overall performance was fair. However, there were too many general answers. This mistake points to the fact that some candidates may have omitted his topic in their preparation for this examination.

QUESTION THREE

The general performance on this question fair. 5 out of the 9 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 20%. The lowest score was 0, whilst the highest was 13 out of 20 marks.

The question was divided into four (4) parts namely (a), (b), (c) and (d). The question required candidates to use the method of least square regression to:
(a) plot the scatter plot,

(b) find the regression line

(c) use the regression line to predict values of dependent variable, and

(d) the correlation coefficient, given the independent variable.

It was observed that candidates were able to plot the scatter plot but some candidates erroneously drew lines joining the scattered points on the graph. The calculation involving regression line were correctly done by most of the candidates.

QUESTION FOUR

The general performance on this question poor. Only 2 out of the 10 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 20%. The lowest score was 0, whilst the highest was 13 out of 20 marks.

The question was divided into three (3) parts namely (a), (b) and (c) as follows:
(a) The first part of the question required candidates to use the normal distribution method to find probabilities. Low performance was observed mainly attributed to use of wrong formula and also inability to correctly use the Z-table.

(b) This part required candidates to use the concept of compound interest to find the equivalent annual percentage yield (APY). Use of wrong formula and general lack of understanding of the key principle resulted in the poor performance on this part.

(c) This last part of the question required candidates to calculate the value of annuity for a given period of time. Candidates could not solve this problem due to the use of wrong formulas.

QUESTION FIVE

The general performance on this question good. 6 out of the 9 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

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

(a) The first part required candidates to find the NPV of two investments and choose the best investments. Candidates showed knowledge of calculating the NPV but few made computational errors resulting in loss of marks and eventual wrong choice of the best investment.

(b) This part of the question (i), (ii) and (iii) required candidates to use the probability distribution method to find the expected value and variance. The general performance on this part was good. Few candidates who lost marks were using wrong the method in finding the expected value which also affected the standard deviation value.

Overall performance of candidates

Highest mark obtained in this paper   65%

Lowest mark obtained in this paper   15%

Overall pass rate in this paper   50%

SUBJECT: C3: ACCOUNTANCY FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question fair. 14 out of the 25 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 56%. The lowest score was 4, whilst the highest was 16 out of 20 marks.

QUESTION TWO

The general performance on this question good. 16 out of the 24 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 1, whilst the highest was 17 out of 20 marks.

QUESTION THREE

The general performance on this question very good. 20 out of the 24 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 83.3%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

QUESTION FOUR

The general performance on this question very good. 17 out of the 21 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 81%. The lowest score was 1, whilst the highest was 18 out of 20 marks.

Common mistakes:
Many candidates failed to establish the figure for the difference books i.e. (1852 817 – 1796100 =K56717) for the suspense account
The returns day books totals were omitted.
The discount allowed item posted to the wrong side was not correctly accounted for

QUESTION FIVE

The general performance on this question poor. Only 7 out of the 25 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 28%. The lowest score was 1, whilst the highest was 17 out of 20 marks.

Common Mistakes:
Many candidates failed to determine the opening capital figure.

The revenue figure was not established. This required using trade receivables control account for credit sales and cash account for cash sales
The general expenses figure equally presented a challenges

Overall performance of candidates

Highest mark obtained in this paper   76%

Lowest mark obtained in this paper   17%

Overall pass rate in this paper   64%

SUBJECT: C4: DIRECT TAXES

QUESTION ONE

The general performance on this question fair. 14 out of the 25 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 56%. The lowest score was 4, whilst the highest was 16 out of 20 marks.

This question was on turnover tax and personal tax computation for sole traders and had three parts (a), (b) and (c).

In parts (a) and (b), candidates were required to describe and state the types of persons who are required to pay turnover tax and those who are not liable to turnover tax.

In part(c) candidates were required to calculate final tax adjusted business profit and tax payable for a sole trader for the tax year 2024.

The most common mistakes made by the candidates on the question:
- Failure to deduct investment income from the taxable profits.
- Failure to disallow the excess salary paid to the niece.

QUESTION TWO

The general performance on this question good. 16 out of the 24 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 1, whilst the highest was 17 out of 20 marks.

This question sought to examine candidates on company tax computation of an unlisted company and had three parts (a), (b) and (c).

In part (a), candidates were required to compute capital allowances claimable by the company in charge year 2024 on buildings and implements and machinery.

And in parts (b) and (c), candidates were required to compute the final tax adjusted business profits and the tax payable thereon for the 2024 charge year.

The most common mistakes made by the candidates on the question:
- Failure to identify the non-qualifying part of the industrial building using the 10% test. Since the administrative offices cost more than 10% of the total cost minus land, it does not qualify as an industrial building.

QUESTION THREE

The general performance on this question very good. 20 out of the 24 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks),

representing a pass rate on the question of 83.3%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

This question was on Property Transfer Tax (PTT) and was divided into three parts (a), (b), and (c).

In part (a), candidates were required to explain how the realized values of land, shares in a company that is not listed on the Lusaka Securities Exchange (LsE) and intellectual capital were determined.

In part (b) of the question, candidates were required state any four transaction that are exempt from PTT.

And in pat (c), candidates were required to explain PTT implications in given disposals of non- current assets which included shares in a listed company as well as shares in a company which was not listed in the LsE, a plot, house and car.

The most common mistakes made by the candidates on the question:
- Failure to identify transactions that are exempt from property transfer tax such as sale of stock listed on the LuSE and contributions towards the equity of a company.

QUESTION FOUR

The general performance on this question very good. 17 out of the 21 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 81%. The lowest score was 1, whilst the highest was 18 out of 20 marks.

This question was on the taxation of employment income and candidates were required to calculate the tax payable by a given Mr. Stephen Ngalande in the 2024 tax year.

The most common mistakes made by the candidates on the question:
- Failures to time apportion the salary in line with the number of months employed for each of the two employment contracts.
- Failure to allow the medical expenses for his son.

QUESTION FIVE

The general performance on this question poor. Only 7 out of the 25 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 28%. The lowest score was 1, whilst the highest was 17 out of 20 marks.

This question sought to examine candidates on the taxation of partnership involving three partners and was in three parts (a), (b) and (c).

In part (a), candidates were required **to c**alculate the amount of capital allowances claimable on partnership assets and the final tax adjusted partnership profit for the tax year 2024.

In parts (b) and (c), candidates were required to show the appropriation of the tax adjusted partnership profit amongst the partners and to compute the amounts of profits on which each partner was to be assessed.

And in part (c), candidates were required to calculate the final amount of income tax payable by each partner for the tax year 2024.

The most common mistakes made by the candidates on the question:
- Failure to time apportion the partnership profits correctly to each partner.
- Subtracting the capital allowances arising from the private vehicles of partners from the partnership profits instead of the individual partner's profits.

Overall performance of candidates

Highest mark obtained in this paper   76%

Lowest mark obtained in this paper   17%

Overall pass rate in this paper   64%

SUBJECT: C5: INDIRECT TAXES

QUESTION ONE

The general performance on this question poor. Only 7 out of the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 38.9%. The lowest score was 2, whilst the highest was 19 out of 20 marks.

The most common mistakes made by the candidates on the question:
- In part (a) some candidates subtracted the cash discount from sales before applying the VAT rate to arrive at the amount payable by customer.
- In part (c) some candidates could not provide a valid explanation of the term Estoppel.

QUESTION TWO

The general performance on this question excellent. 17 out of the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 94.4%. The lowest score was 9, whilst the highest was 18 out of 20 marks.

This question sought to examine candidates on the nature and categories of supplies for VAT purposes and had four parts (a) to (d).

In parts (a) and (b), candidates were required to state any two differences between Zero rated supplies and exempt supplies and any five obligations of a VAT registered supplier.

In part (c), candidates were required to explain three (3) circumstances where a credit note issued would reduce the amount of VAT payable.

And in part (c), candidates were required to compute VAT payable by a company which had recently been registered for VAT purposes.

The most common mistakes made by the candidates on the question:
- Failure to deduct the amount purchased from unregistered suppliers from purchases before applying the VAT rate on purchases.
- Failure to deduct the amount of credit notes from sales before applying the VAT rate on sales.

QUESTION THREE

The general performance on this question excellent. 17 out of the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 94.4%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

This question was based on COMESA, SADC, AGOA and calculation of import taxes and had four parts (a) to (d).

In parts (a) to (c), candidates were variously required to explain the five origin conferring criteria for goods to be accepted as originating in member states of COMESA and SADC, the main aims of AGOA and the role of the customs and Excise Division of the ZRA.

In part (d), candidates were required calculate the value of the given goods for Customs Duty Purposes and to determine the total amount import taxes arising on the importation of the goods.

The most common mistakes made by the candidates on the question:
- Lack of knowledge of the main aim of the Africa Growth Opportunity (AGOA).
- Inclusion of costs after port of entry in the VDP. The K25000 incurred as transportation costs from Chirundu to Kitwe was included in the VDP.

QUESTION FOUR

The general performance on this question excellent. All the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 10, whilst the highest was 19 out of 20 marks.

This question was centered on tax incentives that are made available to tourism, agriculture and mining sectors in Zambia and had four parts (a) to (d).

In parts (a) to (c), candidates were required to variously state four zero rated supplies in the tourism sector, six zero rated agriculture supplies and any three VAT incentives made available to the mining sector.

And in part (c), candidates were required to explain any seven (7) items to be examined during a VAT inspection by a VAT officer.

The most common mistakes made by the candidates on the question:
- Failure to explain the agricultural supplies that are zero rated.

QUESTION FIVE

The general performance on this question excellent. All the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 10, whilst the highest was 19 out of 20 marks.

This question focused on Value for duty purposes on imported goods and had four parts (a) to (d).

In parts (a) to (c), candidates were variously required to explain the meaning of the Transaction Value as it relates to the importation of goods, the matters that are considered when determining the Transaction Value, the documents required by the customs officer on the importation of motor vehicles.

And in (d), candidates were required to calculate the customs and other Taxes paid by an importer in a given scenario.

The most common mistakes made by the candidates on the question:
- Failure to correctly explain the meaning of transaction value as it relates to the importation of goods.
- Failure to explain the matters that are considered when determining the transaction value.

Overall performance of candidates

Highest mark obtained in this paper   76%

Lowest mark obtained in this paper   30%

Overall pass rate in this paper   75%

SUBJECT: C6 LAW FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question poor. Only 7 out of the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 38.9%. The lowest score was 2, whilst the highest was 19 out of 20 marks.

In future, candidates should be able to read widely and understand the module.

QUESTION TWO

The general performance on this question excellent. 17 out of the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 94.4%. The lowest score was 9, whilst the highest was 18 out of 20 marks.

This was a 3-part question. The first part (a) required students to explain on rules of statutory interpretations. Students did very well on this part. The second part (b) required them to explain the six stages of statute law making process. They also did well on this one except for a few who did not know some stages and were mistaking the selective committee under the first reading for the committee stage. Future students should be helped to distinguish the two. The third part (c) required students to state the powers of the Lands Tribunal. Future candidates are encouraged to revise the topic in Full as provided for in the ZICA manual.

QUESTION THREE

The general performance on this question excellent. 17 out of the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 94.4%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

The question had Subrogation, when an insurance company may refuse to compensate the insured, powers of a liquidator, distinction between a debenture and share capital, and the meaning of ordinary share capital.

The problem that some candidates had, was to understand subrogation and a few had written on the distinction between share capital and debentures. Most of their answers were too brief despite being correct. In future candidates should be able to answer or strive to answer in tandem with the marks provided for a question.

QUESTION FOUR

The general performance on this question excellent. All the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 10, whilst the highest was 19 out of 20 marks.

This question had six parts. Candidates did very well with all the parts except on certificate of deposit under banking law where they did not seem to understand the topic at all. In future, candidates should read widely and avoid selective study. All candidates passed

QUESTION FIVE

The general performance on this question excellent. All the 18 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 10, whilst the highest was 19 out of 20 marks.

This was also a 3-part question. The first part (a) required students to distinguish a partnership and a company. Students did well on this part. The second part (b) required students to explain the 3 types of misrepresentation. Students also did well on this one however, future students should be helped to understand the difference between negligence and recklessness. The third part (c) required them to state duties of carriers arising from arising from the contract to carry and deliver. Students also did well on this part. Candidates did very well in this question. In future, candidates should read widely and avoid selective study.

Overall performance of candidates

Highest mark obtained in this paper	90%
Lowest mark obtained in this paper	54%
Overall pass rate in this paper	100%

SUBJECT: D1: BUSINESS INFORMATION MANAGEMENT

QUESTION ONE

The general performance on this question was fair. 6 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 27.3%. The highest mark scored was 25 out of 25 while the lowest was 8.

The question was about outlining five common problems in using Management Information Systems, explaining three levels of management within the organisation and their specific information requirements, distinguishing time bomb from logic bomb in computer security and explaining five roles of Database Management Systems (DBMS) in supporting organisations.

The common mistakes were as follows:
- Most students had challenges outlining the common problem in using MIS, other students were outlining types of information systems instead of common problems in using MIS
- Most students failed to distinguish time bomb from logic bomb in computer security
- A few students were not explaining the roles of Database Management Systems correctly, they were explaining advantages

QUESTION TWO

The general performance on this question was good. 8 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 27.3%. The highest mark scored was 21 out of 25 while the lowest was 6.

The common mistakes were as follows:
- Some students could not explain the importance of aligning IS/IT strategies with Business strategies correctly and components that can be considered to examine
- Some students could not explain the impact of the rise of e-commerce on taxation policies and revenue collection strategies and failed to provide examples to support the explanation
- Some students were stating advantages of outsourcing instead of insourcing

QUESTION THREE

The general performance on this question was excellent. 11 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 91.7%. The highest mark scored was 23 out of 25 while the lowest was 11.

The question was about explaining three types of feasibility studies, the importance of project monitoring and control in the context of an organisation's digital transformation project and listing seven characteristics of quality information.

The following were the common mistakes noted in this question:
- Most students answered the types of feasibility studies well, but some were mixing up the explanation of Technical and operational feasibility study
- Some students were explaining the importance of project monitoring and control in the context of an organisation's digital transformation well, but failed to provide examples to support the explanation

QUESTION FOUR

The general performance on this question was poor. 5 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 41.7%. The highest mark scored was 20 out of 25 while the lowest was 2.

The question was about explaining two potential sources of data capture to gather information for decision-making and program implementation, identifying four tips for successful system implementation and explaining three uses of the intranet and four uses of extranets

The following were the common mistakes noted in this question:
- Most students had challenges in explaining two potential sources of data capture that could be utilized to gather information for decision-making and program implementation. They were just identifying the source of information without explaining it
- Some students did not understand the question. Some students were identifying roles of Database Management System and issues to do with integration of a system being developed
- Some students struggled to list the ways FRA could use Data mining techniques to enhance decision making and also to improve on their strategic reserves
- Some student's explanation on the uses of the intranet and extranet were not coming out correctly. The explanation being given was for the use of the internet

Overall performance of candidates

Highest mark obtained in this paper   87%

Lowest mark obtained in this paper   40%

Overall pass rate in this paper   83.3%

SUBJECT: D2: FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on this question was poor. Only 5 out of the 14 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 35.7%. The highest mark scored was 15 out of 25 while the lowest was 0.

Part (a) required candidates to calculate the effective percentage cost per year of the discount and advise whether SDG Ltd should offer the discount or not. Most common mistakes for candidates that attempted this question was the inability to calculate the credit sales from the given total sales of K30 Million. They failed to determine that that credit sales were 85% since 15% was for cash sales as given in the question.

Further, some of the common mistakes was the failure to calculate the proposed receivables period due to the wrong current credit sales figure used. This then meant that the Effective cost was also not correct. This resulted into the inability to provide appropriate advice as to whether or not SDG Ltd should offer the discount or not.

Part (b) asked the candidates to assess the potential for SDG Ltd to acquire an additional loan from a banker or attract equity investors. Most of the candidates did not attempt this part of the question as for those that did, the assessment was not stated due to the incorrect calculation in part (a) of the question.

QUESTION TWO

The general performance on this question was poor. Only 4 out of the 14 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 25.6%. The highest mark scored was 21 out of 25 while the lowest was 1.

Part(a) required candidates to calculate the payback period of the proposed investment and advise whether it should be accepted or not. The common mistakes for the candidates who attempted this question is that they did not calculate the payback period correctly as they did not net start with the cost of equipment of K500,000.

Part(b) required candidates to calculate the Net Present Value of the proposed investment and advise whether it should be accepted or not. Most of the mistakes arose from the wrong discount rate used, instead of using the 13% discount rate, which was stated as the minimum expected rate of return as provided in the question, a different discount rate was used to discount the Net Cash Flows.

In determining the Net Cash Flows to be discounted, candidates were required to calculate the contribution, fixed costs then were to be deducted from the contribution and eventually the opportunity cost. The opportunity cost was not calculated by some of the candidates and hence incorrect the Net Cash Flows.

Part(c) required candidates to calculate the Internal Rate of Return of the proposed investment and advise whether it should be accepted or not. Most candidates did not attempt this part of the question which required that they calculate the Internal Rate of Return and use the IRR to advise management on whether to invest in the project or not.

QUESTION THREE

The general performance on this question was good. 10 out of the 14 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 71.4%. The highest mark scored was 18 out of 25 while the lowest was 8.

Part (a) required candidates prepare a quarterly cash budget for the four quarters in 2024. A common observation was that under receipts the candidates did not classify the type of receipts such as Cash Fees, Credit Fees and Sale of Assets. Interest amounting to K96,000 under payments was not correctly calculated.

Part (b) asked candidates to explain the importance of a cash flow forecast and discuss the following positions that it may show: (i) short-term surplus and deficit, (ii) long-term surplus and deficit. The cash position was generally not well shown by the candidates. Candidates should have stated Short- term surplus, short term deficit, long-term surplus and long-term deficit. These were not adequately explained in order to earn the marks.

QUESTION FOUR

The general performance on this question was poor. Only 1 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 7.7%. The highest mark scored was 16 out of 25 while the lowest was 5.

Part (a) required candidates to prepare the consolidated Income Statement for the year ended 31 December, 2023. The consolidated Income statement presented a lot of difficulties to candidates. The candidates did not get right cost of Sales which should have taken into account depreciation. It should also have included PURP. Operating Expenses also was equally poorly calculated. Other candidates did not calculate the investment income correctly. Tax was also not well calculated by the majority of all those that attempted this question. Non-controlling interests were equally not well done. Parent shareholders was equally not well calculated by the majority of all those that attempted this

question. Group accounts seems to be a challenge to most candidates because very few of them got the question right.

Part (b) asked candidates to describe the different ways a Venture capitalist can provide long-term capital in the form of share and loan finance to a small business. Most candidate exhibited lack of knowledge of the venture capital as a source of finance.

Overall performance of candidates

Highest mark obtained in this paper   56%

Lowest mark obtained in this paper   24%

Overall pass rate in this paper   28.6%

SUBJECT: D3: BUSINESS TAXATION

QUESTION ONE

The general performance on this question was good. 7 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 70%. The highest mark scored was 19 out of 25 while the lowest was 5.

This question was based on the taxation of Sole Traders and had three parts (a) to (c).

In part (a), candidates were required to calculate the maximum capital allowances claimable by the given sole trader who was involved in the manufacturing of clothes for the year ended 31st December 2024.

And in parts (b) and (c) candidates were required to calculate the tax adjusted business profits and the income tax payable respectively.

The most common mistakes made by the candidates on the question:
- Failure to calculate the non-qualifying part of the industrial building using the 10% test. Since 10% of the construction cost was less than the non- qualifying part, the non-qualifying part will be considered as a commercial building.
- Failure to disallow the excess salary paid to one of the employees. The wife to Jacob was paid K90000 salary par annum a while the other employees were paid K54,000 salary p.a.

QUESTION TWO

The general performance on this question was good. 6 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 60%. The highest mark scored was 17 out of 25 while the lowest was 11.

This question covered the taxation of companies which are not listed on the Lusaka Securities exchange and had three parts (a) to (c).

In part (a), candidates were required to explain the circumstances when a company is considered to be resident in Zambia.

In part (b), candidates were required to calculate the maximum capital allowances claimable by the given company in the 2024 tax year.

And in parts (c) and (d), candidates were required to calculate the taxable business profit and the tax payable for the tax year ended 31st December 2024.

The most common mistakes made by the candidates on the question:
- In part c some candidates failed to disallow the free accommodation expense. The managing director was accommodated in a company owned house.

- In part C some candidates failed to disallow the excess on the gift of calendars K240 calendar; only K100 is allowed, therefore K240-K100 = K140 should be disallowed per calendar.

QUESTION THREE

The general performance on this question was poor. 3 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 33.3%. The highest mark scored was 21 out of 25 while the lowest was 5.

This question was centered on the taxation aspects of mining companies and was divided into three parts (a) to (c).

In parts (a) and (b), candidates were required to explain the three possible basis of calculating norm value for Mineral Royalty Tax purposes and the tax treatment of hedging income or loss respectively.

In part (c), candidates were required to calculate tax payable by a given mining company for the year ending 31st December 2024.

The most common mistakes made by the candidates on the question:
- In part (a) candidates had insufficient knowledge of the explanation of norm value.
- In part (b) most candidates could not explain correctly the tax treatment of hedging income.

QUESTION FOUR

The general performance on this question was good. 7 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 70%. The highest mark scored was 22 out of 25 while the lowest was 10.

This question sought to examine the taxation aspects of banking companies as well as import duties and had two parts (a) and (b).

In part (a), candidates were required compute the amount of income tax payable by a given bank (TopCredit Bank Plc) for the tax year 2024.

And in part (b), candidates were required to calculate the amount of import taxes paid by a given Juliet on the importation of the Toyota Mark II car.

The most common mistakes made by the candidates on the question:
- In part (a) some candidates applied wrong rates of capital allowances on some of the assets. For example some candidates applied the restriction to private use on the personal to holder cars which is not applicable to companies.

Overall performance of candidates

Highest mark obtained in this paper   79%

Lowest mark obtained in this paper   33%

Overall pass rate in this paper   70%

SUBJECT: D4: PERSONAL TAXATION

QUESTION ONE

The general performance on this question was fair. 6 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 54.5%. The highest mark scored was 24 out of 25 while the lowest was 5.

This question was on the taxation of world income for residents in Zambia and was divided into three parts (a) to (c).

In parts (a) and (b), candidates were required variously explain the meaning of domicile and to advise the domicile status of a given individual and that of each member of his family and the reason why an individual who is domiciled in a foreign country may be chargeable to Zambian tax.

In part (c) candidates were required to calculate the income tax payable of a given Kabwe for the tax year 2024.

The most common mistakes made by the candidates on the question:
- Failure to deduct the tax already paid before arriving at the final income tax liability. In particular the advance income tax was ignored by some candidates.
- Failure to apportion the salary correctly before the salary increase and after the salary increase in the taxable income computation.

QUESTION TWO

The general performance on this question was poor. Only 3 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 30%. The highest mark scored was 21 out of 25 while the lowest was 1.

This question covered tax implications of share option schemes and investment schemes which may be open to individuals such as certificate of deposits, government bonds and shares in either companies which are listed on the stock exchange or indeed not listed.

The question had four parts (a) to (d).

In part (a) and (b), candidates were required to advise the directors of a given company which run a share option scheme, the tax consequences to an employee arising on the grant of the share options on the exercise of the options over the shares and on the subsequent sale of shares acquired in the scheme. And also to advise the directors of the given company of the income tax treatment for an employee of a grant of share options from a share option scheme that is approved for tax purposes by the Zambia Revenue Authority.

In part (c), candidates were required to explain seven (7) conditions that must be met for a share option scheme to be approved for tax purposes.

And in part (d), candidates were required to advise a given investor of the taxation implications arising for him from making investments in the certificates of deposits, Government of Zambia bonds, shares of companies listed on the LUSE and shares in a private limited company.

The most common mistakes made by the candidates on the question:
- Lack of knowledge of the taxation implications of investing in certificates of deposits, government of Zambia bonds and shares in public and private companies.

QUESTION THREE

The general performance on this question was poor. Only 5 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 45.5%. The highest mark scored was 22 out of 25 while the lowest was 2.

This question was on turnover tax and basis periods on cessation of business and had two parts (a) and (b).

In part (a), candidates were required to describe the types of persons who are required to pay turnover tax.

And in part (b), candidates were required to explain the basis of assessment for the profits generated by a given tax payer (Maliwe) in the final two tax years of trading and to compute the final taxable profits for the two final tax years of trading and the income tax payable by Maliwe for each relevant tax year.

The most common mistakes made by the candidates on the question:
- Insufficient knowledge of basis periods. In particular, candidates demonstrated insufficient knowledge of ceasation rules.

QUESTION FOUR

The general performance on this question was fair. 6 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 54.5%. The highest mark scored was 20 out of 25 while the lowest was 4.

This question was on the distinguishing marks as between a person that is employed and one that is self- employed and had three parts (a) to (c).

In part (a), candidates were required to compute the amount of the gratuity a given taxpayer would receive on the expiry of the contract and explain its income tax treatment assuming that the person was taken on as an employee and also to calculate the income tax, employee's NHIMA and employee's NAPSA contributions payable in the tax year 2024 by the employee in the case study.

In part (b), candidates were required to calculate the income tax, employee's NHIMA and employee's NAPSA contributions payable in the tax year 2024 assuming that he was taken on as a self-employed person.

And in part (c), candidates were required to advise the person (Chawezi) as to whether it was going to be more beneficial to be engaged as an employee or an independent self-employed contractor from a taxation point of view.

The most common mistakes made by the candidates on the question:
- In part (c) candidates demonstrated a lack of knowledge of computing net income from two alternative sources. In particular income from employment and income from self - employment.

Overall performance of candidates

Highest mark obtained in this paper   74%

Lowest mark obtained in this paper   23%

Overall pass rate in this paper   54.5%

SUBJECT: D5: INTERNATIONAL TAXATION

QUESTION ONE

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

This question was on the taxation of residents on world income involving a double taxation relief and had three parts (a) to (c).

In parts (a) and (b) candidates were required to explain whether a given Joseph was to be regarded as a resident in Zambia for the tax year 2024 and provide three (3) methods of giving double taxation relief.

And in part (c), candidates were required to calculate the amount of income tax payable by a given Joseph for the tax year 2024 on his world income.

The most common mistakes made by the candidates on the question:
- In part (b) candidates failed to explain sufficiently the unilateral credit relief method of giving double taxation relief. The responses were too general and did not explain that this relief is the lower of foreign tax paid and equivalent Zambian tax on foreign income.

QUESTION TWO

The general performance on this question was excellent. 8 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 88.9%. The highest mark scored was 24 out of 25 while the lowest was 11.

This question was on international tax aspects related to Multinational Enterprises (MNEs), globalization and regional economic groupings and had three parts (a) to (c).

In part (a) and (b), candidates were variously required to explain three types of foreign direct investment that an MNE may use, three benefits and risks of globalization on the Zambian economy and to state any four (4) tax incentives and four (4) non-tax incentives that multinational enterprises may benefit from foreign direct investment.

And in part (c), candidates were required to explain five (5) advantages of regional economic groupings.

The most common mistakes made by the candidates on the question:
- In part (a) (i) candidates had very little knowledge of the three types of foreign direct investment that a multinational company may use.
- In part (b) (ii) candidates faced challenges in explaining the risks of globalization.

QUESTION THREE

The general performance on this question was poor. Only 4 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 44.4%. The highest mark scored was 22 out of 25 while the lowest was 6.

This question sought to examine candidates on international anti-avoidance tax rules which involve the Financial Action Task Force on money laundering and had four parts (a) to (d).

In these parts, candidates were variously required to explain any five (5) recommendations made by the Financial Action Task Force on money laundering that helps to combat money laundering and tax evasion, explain any two (2) cooperation models between revenue authorities, four (4) factors used to identify tax havens according to the OECD and the difference between the factual approach and interpretive approach as they apply in international anti – avoidance tax rules.

The most common mistakes made by the candidates on the question:
- Providing only few recommendations of the Financial action task force. To obtain full marks candidates needed to provide five (5) as requested by the question.

QUESTION FOUR

The general performance on this question was poor. Only 3 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 33.3%. The highest mark scored was 14 out of 25 while the lowest was 0.

This question was on the principles and guidelines which are embodied in international bodies such as GATT, WTO, OECD and various conventions and was divided into five parts (a) to (e).

And in all these parts candidates were required to variously explain the difference between the origin principle and destination principle as they apply in international indirect taxes, the European Convention on Human Rights (ECHR) and Taxation in relation to Property right and taxation and Freedom of travel and taxation, the limitations of Border Tax Adjustments (BTAs), the GATT rules on Border Tax Adjustments, and the benefits of a cross-border merger.

The most common mistakes made by the candidates on the question:
- In part (d) candidates could not provide all the four rules of the GATT and the BTAs and therefore could not obtain full marks

- In part (e) candidates had insufficient knowledge of the benefits cross boarder merger. They were providing general answers to the question and therefore could not obtain full marks.

Overall performance of candidates

Highest mark obtained in this paper   77%

Lowest mark obtained in this paper   43%

Overall pass rate in this paper   88.9%

SUBJECT: D6: TAX AUDIT AND INVESTIGATIONS

QUESTION ONE

The general performance on this question was excellent. All the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 100%. The highest mark scored was 22 out of 25 while the lowest was 15.

This question was related to tax audits and had four parts (a) to (d).

In all these parts, candidates were variously required to explain the meaning of a Tax audit, the assurances a qualitative tax audit provides, any five (5) types of tax audits and any eight (8) sources of information that a tax auditor may use to discover hidden income.

The most common mistakes made by the candidates on the question
- In part (c) candidates could not explain all the five types of tax audits required to obtain full marks.

QUESTION TWO

The general performance on this question was very good. 5 out of the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 83.3%. The highest mark scored was 19 out of 25 while the lowest was 8.

This question variously covered tax audits related to capital allowances, mineral tax in the mining sector and international –connection charges in the telecommunications sector and had for parts (a) to (d).

In all these parts, candidates were required to explain the five (5) indirect methods that are used to verify income, the meaning of "Norm Value" with respect to Mineral Royalty, the circumstances under which a mining company is allowed to index losses and capital allowances, the consequences of inter-connection charges on VAT liability, the tax treatment of roaming charges or income and the tax treatment of discounts given to airtime dealers.

The most common mistakes made by the candidates on the question:
- In part (b) some candidates experienced challenges in explaining the term "norm value"
- In part (c) most candidates could not explain correctly the circumstances under which a mining company is allowed to index losses and capital allowances.

QUESTION THREE

The general performance on this question was very good. 5 out of the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 83.3%. The highest mark scored was 19 out of 25 while the lowest was 8.

This question was on the taxation aspects in the banking sector inclusive of transfer pricing audit that may ensue and had three parts (a) to (c).

In part (a) of the question, candidates were required to list any five (5) enterprises that would be subjected to a transfer pricing audit.

In part (b), candidates were required to explain the income tax implications on a given Blueberry Bank arising from the transactions it entered into with another given Afro Bank Plc.

And in part (c), candidates were required to calculate the amount of income tax payable by Blueberry Bank Ltd for the tax year 2024.

The most common mistakes made by the candidates on the question:
-   In part (c) some candidates could not deduct the provisional income tax from the company income tax and some candidates did not disallow the staff canteen expenses and the increase in general provision.

QUESTION FOUR

The general performance on this question was poor. Only 1 out of the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 16.7%. The highest mark scored was 15 out of 25 while the lowest was 4.

This question was on the collection of tax audit evidence which culminates into the production of the audit report and was divided into four parts (a) to (d).

And in all these parts, candidates were variously required to explain three (3) principal activities of the preliminary review of financial statements, the importance of compliance risk management, any seven (7) guidelines a tax auditor can use to assess the quality of audit evidence and five (5) standards to be met when writing an audit report.

The most common mistakes made by the candidates on the question:
-   In part (a) most candidates could not explain five standards to be met when writing an audit report. This part carried ten (10) marks and therefore most of the candidates lost marks.

Overall performance of candidates

Highest mark obtained in this paper   64%

Lowest mark obtained in this paper   50%

Overall pass rate in this paper   100%