



DECEMBER 2024 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN ACCOUNTANCY

## **SUBJECT: DA 1: FINANCIAL ACCOUNTING**

### **QUESTION ONE**

The general performance on the question was fair. Of the 98 that attempted the question, 47 managed to obtain at least 10 out of the available 20 marks. A pass rate of 47.9% was recorded. The highest score was 18 while the lowest was 2 out of 20.

This question had ten multiple choice part questions. The candidates had wrong answers to question parts dealing with double entry bookkeeping system and theory parts. Candidates are encouraged to prepare themselves adequately before attempting the examination.

### **QUESTION TWO**

The general performance on the question was good. Of the 97 that attempted the question, 67 managed to obtain at least 10 out of the available 20 marks. A pass rate of 69.1% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (a) required candidates to prepare the profit and loss appropriation account for the year ended 31 December 2023. Many candidates failed to calculate the interest on capital for Ben which had two components, i.e. at start and half – way the period. Part (b) required candidates to prepare the partnership statement of financial position as at 31 December 2023. Many candidates failed to determine the current account balances for the partners. Candidates are encouraged to use current account as a working even if it is not asked for.

Part (c) required candidates to state three (3) advantages of going into partnership as a business. Prepared candidates obtained all the available marks.

### **QUESTION THREE**

The general performance on the question was poor. Of the 86 that attempted the question, only 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39.5% was recorded. The highest score was 16 while the lowest was 0 out of 20.

A number of candidates failed because they did not follow the question requirement. The question clearly required candidates to prepare the accounts for the year ended 31<sup>st</sup> December 2023.

Part (a) required candidates to prepare the motor vehicles account at cost.

Part (b) required candidates to prepare the motor vehicles accumulated depreciation account. Candidates had challenges on establishing the total accumulated depreciation at the start of year 2023.

Part (c) required candidates to prepare motor vehicles disposal account for each vehicle disposed of the insurance claim payment presented a challenge.

#### **QUESTION FOUR**

The general performance on the question was very good. Of the 90 that attempted the question, 68 managed to obtain at least 10 out of the available 20 marks. A pass rate of 75.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to identify items which were on the wrong side in the given trial balance. Candidates lost marks by simply writing the account name without indicating the amount.

Part (b) required candidates to prepare journal entries correcting the given errors. The journal entries given showed lack of knowledge on double entry accounting systems. This part was poorly answered.

Part (c) required candidates to prepare a revised trial balance that incorporates the adjustments in (a) and (b).

Part (d) required candidates to define the term asset. This was well answered.

#### **QUESTION FIVE**

The general performance on the question was poor. Of the 59 that attempted the question, only 13 managed to obtain at least 10 out of the available 20 marks. A pass rate of 22% was recorded. The highest score was 14 while the lowest was 0 out of 20.

Part (a) (i) required candidates to explain the effect, on Profit, of the adjustment in notes (i) to (iii) above. poorly answered.

Part (a) (ii) required candidates to show the net effect of the adjustment in part (a) (i).

Part (b) required candidates to prepare a statement of Profit or Loss Account for the year ended 31 December 2023 while part (c) required candidates to prepare a statement of Financial Position as at 31<sup>st</sup> December, 2023. The performance on both parts was good.

## **QUESTION SIX**

The general performance on the question was very poor. Of the 39 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 5.1% was recorded. The highest score was 13 while the lowest was 0 out of 20.

All the parts of the question requirements were based on double entry book – keeping system. It was poorly answered. Candidates are encouraged to pay attention on double – entry accounting system as it is Cole area at this level.

## **OVERALL PERFORMANCE OF CANDIDATES**

Highest mark obtained in this paper: 73%

Lowest mark obtained in this paper: 11%

Overall pass rate in this paper: 43.9%

## **SUBJECT: DA2: QUANTITATIVE ANALYSIS**

### **QUESTION ONE**

The general performance on the question was good. Of the 128 that attempted the question, 64 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 18 while the lowest was 2 out of 20.

The questions in this section were multiple choices and covered the entire syllabus. The performance was good in this section. The questions covered the entire syllabus hence students had a wide range of questions to answer. In most cases, candidates lost marks for using the wrong formulae when computing the required tasks.

### **QUESTION TWO**

The general performance on the question was good. Of the 125 that attempted the question, 71 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to calculate the median, the mean and standard deviation from a given scenario of grouped data. The first and second part of the question were solved without much struggle, but application of concepts emphasized in the third part of the question was not well done. There was an observed lack of understanding of the question as most candidates could not find the correct value of the mode. There is also needed to emphasize the difference between population standard deviation and sample standard deviation formula.

Part (b) required candidates to use the given data to construct a pie chart and a bar chart. It was observed that most candidates used percentages and not angles in constructing the pie chart hence they lost marks. Other constructed a histogram instead of a bar chart. There is need to emphasize the difference between the two.

### **QUESTION THREE**

The general performance on the question was very good. Of the 124 that attempted the question, 96 managed to obtain at least 10 out of the available 20 marks. A pass rate of 77.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was divided into two parts:

Part (a) required candidates to use the given data to find the regression line and compute the Pearson coefficient of correlation for the given data. It was observed

that the performance in this question was good, candidates had less challenges in solving the questions given. Those that lost marks on this part of the question made computational errors especially when computing the summations.

Part (b) of the question required candidates to find the number of years using the compound interest method, given the future value. It was observed that most candidates knew the correct formula but could not use correct conversions of rates using the given compounding method which was semi-annually. Marks were therefore lost as the correct answer was not being found if the number of compounding were not used appropriately.

#### **QUESTION FOUR**

The general performance on the question was poor. Of the 88 that attempted the question, only 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 30.7% was recorded. The highest score was 15 while the lowest was 0 out of 20.

Part (a) required candidates to calculate the median, the mean and standard deviation from a given scenario of ungrouped data. The first part of the question was solved without much struggle, but application of concepts emphasized in the second part of the question was not well done. There was an observed lack of understanding of the question as most candidates could not find the correct standard deviation despite using the correct mean.

Part (b) required candidates to explain the meaning of the mean and standard deviation. Very few candidates could explain these measures correctly. Most of the candidates don't know the mean hence the lost marks.

Part (c) of the question required the candidates to determine the values of the random variable and identify scenarios as discrete or continuous. The performance on this part of the question was not good. Candidates demonstrated a serious lack of knowledge on this topic.

#### **QUESTION FIVE**

The general performance on the question was poor. Of the 68 that attempted the question, only 12 managed to obtain at least 10 out of the available 20 marks. A pass rate of 17.6% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Part (a) required candidates to use the method of normal distribution to solve a given scenario. The performance of the candidates on this question was poor. There was an observed failure to correctly use the Z tables in finding probabilities.

Part (b) of the question required candidates to use the net present value method and the internal rate of return method to determine whether an investment is worthwhile or not. There was an observed lack of understanding of the correct formulae to be used, hence most candidates got wrong answers.

Part (c) of the question required candidates to find the number of years using the compound interest method, given the future value. The performance of the candidates on this part of the question was good.

## **QUESTION SIX**

The general performance on the question was good. Of the 96 that attempted the question, only 61 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.5% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was divided into two parts. Part (a) of the question required candidates use a five moving average in the given data in order to completely remove the seasonal variation. Candidates did very well on this question. Most of them used the correct method and got the computations right.

Part (b) required candidates to use the method of annuities to solve a problem involving simple interests. The general performance in this part of the question was poor because candidates were observed to be using the wrong formulae. There is need to emphasis on differences between simple interest, compound interest and annuities to help candidates to choose the correct method when solving problems involving monetary investment and interest rates.

## **Overall performance of candidates**

Highest mark obtained in this paper:	82%
Lowest mark obtained in this paper:	14%
Overall pass rate in this paper:	51.6%

## **SUBJECT: DA3: BUSINESS ECONOMICS**

### **QUESTION ONE**

The general performance on the question was good. Of the 128 that attempted the question, 81 managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.3% was recorded. The highest score was 20 while the lowest was 2 out of 20.

This question required candidates to select the best answer from options that were provided in the question.

### **QUESTION TWO**

The general performance on the question was poor. Of the 108 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 19.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required candidates to (i) define privatization and give one practical example and (ii) outline any four (4) benefits of privatization for part (a) and in part (b) to illustrate using graphs the short run abnormal profits and long run equilibrium positions for a firm operating in a perfectly competitive market.

The common errors on this question were as follows:

- (i) Failure by candidates to provide one practical example of privatization. This led to loss of marks.
- (ii) Some candidates failed to clearly outline the benefits of privatization and lost some marks.
- (iii) Poorly drawn graphs without proper labelling on the axes, poor curves and interchanging the short run and the long run positions. Candidates must use the Graph papers given at the end of the Answer Booklet. Many candidates lost valuable marks on this question, which shouldn't have been the case.



### **QUESTION THREE**

The general performance on the question was poor. Of the 47 that attempted the question, only 13 managed to obtain at least 10 out of the available 20 marks. A pass rate of 27.7% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question required candidates to: draw clearly labelled graphs for (i) total costs and (ii) average costs using the given data in part (a) of the question and part (b) required them to outline any three (3) factors that affect price elasticity of supply for a good while part (c) required them to explain the meaning of the Law of Diminishing Returns.

The common errors observed on this question included the following:

- (i) Poor graphs and some candidates opted not to use Graph Papers given in the Answer Booklet. Further, the labelling of graphs was at best not very good.
- (ii) Some candidates presented factors that affected price elasticity of demand and not price elasticity of supply. Others merely presented factors that affect supply!
- (iii) Some candidates confused the Law of Diminishing returns with the Law of Diminishing Utility! Candidates are urged to read and understand the specific requirements of each question and address the specific requirements.

### **QUESTION FOUR**

The general performance on the question was poor. Only 35 of the 104 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 33.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required candidates to use diagrams to show how the increase in the price of cheese and health hazard publication on chicken and chips would affect the equilibrium price and quantity of pizza.

In part (b), they were required to explain the effect on equilibrium price and quantity of a traded product X following a decrease in the price of a complement product while part (c) required them outline any three (3) features of monopolistic competition.

The common mistakes observed were:

- (i) Failure to draw the required graphs.
- (ii) Some students drew the graphs correctly but could not explain them and lost some marks as a result.
- (iii) Other candidates either drew two demand curves or two supply curves only. Note that equilibrium is only established where the demand curve and the supply curve intersect.
- (iv) Some candidates failed to identify which curve is affected by the event and the direction of the shift.

### **QUESTION FIVE**

The general performance on the question was fair. Of the 83 that attempted the question, only 37 managed to obtain at least 10 out of the available 20 marks. A pass rate of 44.6% was recorded. The highest score was 19 while the lowest was 0 out of 20.

This question required candidates to: (i) calculate the value of the multiplier and (ii) calculate the value of the increase in national income from the given data for part (a) and for part (b) candidates were required to (i) explain the concept of a closed economy, (ii) state any two (2) disadvantages of a closed economy and determine the equilibrium national income for the closed economy from the given data while part (c) candidates were required to find the values for autonomous consumption and marginal propensity to consume from the given consumption function.

The common mistakes that were observed on this question were:

- (i) Using the wrong formula to calculate the multiplier.
- (ii) Failure to use the correct formula for calculating the increase in national income.
- (iii) Failure to state and use the identity  $Y = C + I + G$ .
- (iv) Some candidates got this part wrong as they attempted to calculate the required values. All that they needed to do was to lift the values from the given consumption function.

## **QUESTION SIX**

The general performance on the question was poor. Of the 109 that attempted the question, only 34 managed to obtain at least 10 out of the available 20 marks. A pass rate of 31.2% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required candidates to: Outline any five (5) objectives of monetary policy in part (a), part (b) required them to explain how tax cut can stimulate demand while part (c) required them to explain any three (3) measures government can use to create jobs.

The most common mistakes that were observed were as follow:

- (i) Confusing fiscal policy with monetary policy.
- (ii) Some candidates presented objectives of commercial banks which were not required.

## **QUESTION SEVEN**

The general performance on the question was poor. Of the 59 that attempted the question, only 16 managed to obtain at least 10 out of the available 20 marks. A pass rate of 27.1% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question required candidates to describe the three (3) forms of economic integration in apart (a). Part (b) required them to outline any four (4) causes of exchange rate fluctuations while part (c) required them to explain the 'infant industry argument'. Some candidates interchanged the explanations. Others merely listed without the required explanation and could not get the full marks allocated.

### **Overall performance of candidates**

Highest mark obtained in this paper: 91%

Lowest mark obtained in this paper: 8%

Overall pass rate in this paper: 32.8%

## **SUBJECT: DA4: INFORMATION TECHNOLOGY AND COMMUNICATION**

### **QUESTION ONE**

The general performance on the question was good. Of the 98 that attempted the question, 60 managed to obtain at least 10 out of the available 20 marks. A pass rate of 61.2% was recorded. The highest score was 18 while the lowest was 4 out of 20.

### **QUESTION TWO**

The general performance on the question was fair. Of the 62 that attempted the question, only 25 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40.3% was recorded. The highest score was 17 while the lowest was 0 out of 20.

The question was about describing three common threats to data security that businesses might face, by providing examples and suggestions on how to mitigate these threats and writing down formulas in MS-Excel for calculating maximum sale amount, minimum sale amount, average amount and Total with the data provided

Most students did not provide examples and suggestions on how to mitigate the threats and therefore lost marks. Others could not write the correct formulas for the calculations in MS Excel.

### **QUESTION THREE**

The general performance on the question was poor. Of the 78 that attempted the question, only 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 38.5% was recorded. The highest score was 17 while the lowest was 0 out of 20.

The question was about stating five advantages of client/server computing, explaining three advantages of cloud computing and listing four operating systems that you would consider other than Windows operating system.

The common mistakes noted in this question included failure to understand the question as well as mistaking client/server networking with "serving a client" in business terms. Others were not explaining the advantages of cloud storage, they were just listing them.

## **QUESTION FOUR**

The general performance on the question was poor. Of the 55 that attempted the question, only 11 managed to obtain at least 10 out of the available 20 marks. A pass rate of 37.3% was recorded. The highest score was 13 while the lowest was 0 out of 20.

The question was about outlining features of Windows operating system of the recycle bin, multimedia, GUI and taskbar. Outlining the three common ethics of accounting and explaining a practical example when you would use absolute and relative referencing. Some candidates were not able to write the correct answer on multimedia, GUI (graphical user interface) and taskbar, a few wrote the correct explanation on recycle bin. Others could not outline or explain the three common ethics of accounting. Some students could not adequately explain absolute and relative referencing using a practical example when using them in MS-Excel.

## **QUESTION FIVE**

The general performance on the question was poor. Of the 59 that attempted the question, only 21 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.6% was recorded. The highest score was 16 while the lowest was 3 out of 20.

The question was about mentioning any four elements of a letterhead for an organisation, stating two specific purposes of a business letter, two characteristics of written communication that business organisations consider as they write business letters, two reasons why a letter is regarded as formal communication and defining types of letters commonly written in business organisations.

The following were the common mistakes noted in this question:

- (i) Wrong content such as salutation, references date and time were presented as answers which were not supposed to be the case.
- (ii) Repeating solutions already provided on the same part.
- (iii) Mistaking purposes of letters were written as characteristics of written communication.
- (iv) Provision of irrelevant content which was far from the required correct answers.
- (v) Candidates also mixed up the answers on different types of letters in the last part of the question.

## **QUESTION SIX**

The general performance on the question was good. Of the 77 that attempted the question, 57 managed to obtain at least 10 out of the available 20 marks. A pass rate of 74% was recorded. The highest score was 19 while the lowest was 0 out of 20.

The question was about giving four reasons why it is important to take notes in a workshop and explaining some challenges that might affect your colleagues during a listening experience.

The following were the common mistakes noted in this question:

- (i) Repeated answers and irrelevant content
- (ii) Some candidates included barriers to communication even when the question did not request them to do so.
- (iii) In some cases, the examples of nonverbal communication with pictures were presented which was not supposed to be the case.
- (iv) Other candidates defined types of nonverbal communication which was not supposed to be the case.

## **QUESTION SEVEN**

The general performance on the question was poor. Of the 60 that attempted the question, only 19 managed to obtain at least 10 out of the available 20 marks. A pass rate of 31.7% was recorded. The highest score was 16 while the lowest was 2 out of 20.

The question was about identifying five differences between a memorandum and a letter and explaining any five receiver-oriented barriers that could occur in the process of decoding a written message:

The following were the common mistakes noted in this question:

- (i) The purposes of both a letter and memos was presented as answers which was not supposed to be the case.
- (ii) Different types of barriers were presented as answers without explanations on how receiver barriers can occur in the process of decoding a written message.
- (iii) Sender and receiver barriers were mixed up. In most cases answers were inclined to sender barriers of which was not required by the question

## **Overall performance of candidates**

Highest mark obtained in this paper: 78%  
Lowest mark obtained in this paper: 19%  
Overall pass rate in this paper: 38.8%

## **SUBJECT: DA5 COST ACCOUNTING**

### **QUESTION ONE**

The general performance on the question was good. Of the 166 that attempted the question, 86 managed to obtain at least 10 out of the available 20 marks. A pass rate of 51.8% was recorded. The highest score was 18 while the lowest was 4 out of 20.

This is a compulsory question of multiple-choice questions. All the candidates attempted the question. This was a good attempt.

### **QUESTION TWO**

The general performance on the question was fair. Of the 163 that attempted the question, only 69 managed to obtain at least 10 out of the available 20 marks. A pass rate of 42.3% was recorded. The highest score was 18 while the lowest was 0 out of 20.

**Part (a)** required candidates to prepare a profit or loss statement for the first quarter of the year using marginal costing and absorption costing systems.

Generally, the performance was good, especially on the marginal costing statement.

**Part (b)** requested candidates to define responsibility centres terms, namely, cost, revenue, profit and investment centres. Generally, the performance was good.

The most common mistakes made by the candidates included:

- (i) including fixed production and non-production fixed costs in the valuation of
- (ii) inventory
- (iii) inability to deal with under or over absorption in the absorption costing statement
- (iv) failing to reflect total contribution on the marginal costing statement.
- (v) Waffling on the definition of responsibility centre terms.

### **QUESTION THREE**

The general performance on the question was poor. Of the 137 that attempted the question, only 37 managed to obtain at least 10 out of the available 20 marks. A pass rate of 27% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to calculate the fixed cost and the variable cost components, to explain the meaning of the term cost behaviour and to explain the difference between variable and fixed costs.

A good number of candidates scored good marks on this section.

Part (b) required candidates to prepare a statement of equivalent units, to calculate both the value of completed units and closing inventory; and finally, to prepare the process account.

This part was very poorly attempted by candidates, and they lost marks.

The most common mistakes made by the candidates included:

- (i) Failing to apply the high -low technique.
- (ii) inability to explain the term 'cost behaviour'.
- (iii) recalculating the value of opening inventory
- (iv) failing to calculate the equivalent units for finished goods and closing WIP.
- (v) Confusing the debit and credit entries on the process account

#### **QUESTION FOUR**

The general performance on the question was poor. Of the 102 that attempted the question, only 36 managed to obtain at least 10 out of the available 20 marks. A pass rate of 35.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Question Four examined labour and service costing and required candidates to:

Part (a) (i) required candidates to calculate the total estimated production cost of the job while (ii) required them calculate the price that should be quoted for the job.

Part (b) required candidates to list four characteristics of service costing. Candidates were able to score good marks here.

The most common mistakes made by the candidates included:

- (i) failure to apply the formula even though it was provided in the question.
- (ii) Candidates were also not able to apply the profit margin of 20% on the prime cost.
- (iii) Wrong spellings of the four characteristics (simultaneity, heterogeneity, intangibility and perishability). However, marks were given even if the spellings were wrong.
- (iv) Explaining the four characteristics of services instead of just listing them.



## QUESTION FIVE

The general performance on the question was poor. Of the 157 that attempted the question, only 35 managed to obtain at least 10 out of the available 20 marks. A pass rate of 22.3% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This question examined material costing. It required candidates to calculate the EOQ, holding costs, listing examples of holding and stock out costs and pricing material issues using the AVCO method.

The most common mistakes made by the candidates included:

- (i) A good number of candidates did not convert monthly demand into annual demand by multiplying by 12 months when calculating the EOQ.
- (ii) Inability to calculate the average inventory =  $(Q/2 + \text{buffer inventory})$ .
- (iii) Candidates could hardly list examples of holding costs.
- (iv) Candidates could hardly list examples of stock out costs.
- (v) Candidates were not showing the calculated unit costs which were required to be shown.
- (vi) Candidates forgot AVCO principles of recalculating the unit cost every time there is a new receipt.

## QUESTION SIX

The general performance on the question was poor. Only 14 out of the 84 that attempted the question 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 16.7% was recorded. The highest score was 15 while the lowest was 0 out of 20.

This question required candidates to:

- (a) Calculate [using Activity Based Costing (ABC)] cost driver rates for each activity, the cost for a batch of 4,200 spare parts and the cost per spare part.
- (b) State five problems associated with the ABC system.

The most common mistakes made by the candidates included:

- (i) Some candidates could hardly identify the cost drivers relating to specific budgeted overheads.

- (ii) Some candidates were multiplying the cost driver rates with 4,200 spare parts when the question guided on the usage of the activities (cost drivers) at 4,200.
- (iii) Some candidates had no clue on what to do. Hence, the poor pass rate on this question. No wonder half the candidates ran away from this question.
- (iv) Most candidates could hardly state the problems of using ABC.

### **Overall performance of candidates**

Highest mark obtained in this paper:	79%
Lowest mark obtained in this paper:	8%
Overall pass rate in this paper:	28.3%

## **SUBJECT: DA 6: BUSINESS LAW**

### **QUESTION ONE**

The general performance on the question was very good. Of the 100 that attempted the question, only 80 managed to obtain at least 10 out of the available 20 marks. A pass rate of 80% was recorded. The highest score was 20 while the lowest was 2 out of 20.

Question one was compulsory, and all candidates answered this question. The question was a mixture of all topics asked in multiple choice form. Going forward all candidates are encouraged to study in great detail and be careful when answering multiple choice questions.

### **QUESTION TWO**

The general performance on the question was good. Of the 52 that attempted the question, 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 57.7% was recorded. The highest score was 18 while the lowest was 0 out of 20.

The question was on the ways by which an employer may dismiss an employee and remedies available to the employee. Even though the question was attempted by a good number of candidates, most of them failed to highlight ways by which employees can be dismissed and remedies available to them. Most candidates could not distinguish between unfair and wrongful dismissal in their responses. In future, the distinction between damage and damages must be emphasized by tutors. In future, candidates must study according to the syllabus and follow the syllabus learning outcomes. The question was from within the syllabus, there was no strange material brought in.

### **QUESTION THREE**

The general performance on the question was very good. Of the 99 that attempted the question, 74 managed to obtain at least 10 out of the available 20 marks. A pass rate of 74.7% was recorded. The highest score was 20 while the lowest was 3 out of 20.

The question had four parts, there was a requirement to write brief notes on four topics. Candidates answered this question adequately. Their responses showed a high level of understanding and gave very elaborate responses. However, perhaps 10 marks should have been allocated per question by the setter, and only two of the questions out of the four should have been asked. The question was very clear. Students were able to appreciate fully the principles surrounding vicarious liability.

#### **QUESTION FOUR**

The general performance on the question was very good. Of the 69 that attempted the question, 54 managed to obtain at least 10 out of the available 20 marks. A pass rate of 78.3% was recorded. The highest score was 17 while the lowest was 1 out of 20.

This was a two part scenario question. The first part (a) was based on the partnership agreement and the second part (b) was based on counter offer. Students did well on both parts. The ZiCA manual is comprehensive on the said topic and students must read it in its entirety. Future candidates are encouraged to read widely and revise this topic as it is highly examinable.

#### **QUESTION FIVE**

The general performance on the question was good. Of the 83 that attempted the question, only 47 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.6% was recorded. The highest score was 17 while the lowest was 1 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 good. Of the 96 that attempted the question, 66 managed to obtain at least 10 out of the available 20 marks. A pass rate of 68.8% was recorded. The highest score was 18 while the lowest was 2 out of 20.

#### **Overall performance of candidates**

Highest mark obtained in this paper:	81%
Lowest mark obtained in this paper:	22%
Overall pass rate in this paper:	84%

## **SUBJECT: DA7: PRINCIPLES OF MANAGEMENT**

### **QUESTION ONE**

The general performance on the question was very good. Of the 49 that attempted the question, 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 77.6% was recorded. The highest score was 16 while the lowest was 2 out of 20.

Section A had Question One with ten (10) Multiple Choice Questions.

### **QUESTION TWO**

The general performance on the question was fair. Of the 45 that attempted the question, only 18 managed to obtain at least 10 out of the available 20 marks. A pass rate of 40% was recorded. The highest score was 16 while the lowest was 0 out of 20.

This Question had three parts and required candidates to:

- (i) Explain five (5) functions the newly employed management Trainees are expected to perform.
- (ii) Explain the four (4) expected interests of the Government in a newly opened mining company.
- (iii) List three (3) features of a Public Limited Company.

### **QUESTION THREE**

The general performance on the question was poor. Of the 15 that attempted the question, only 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 16 while the lowest was 0 out of 20.

This question had two (2) parts (a) and (b) and required candidates to:

Outline five (5) bases on which an organisation is expected to be structured. This part was well answered by almost all candidates that attempted it.

Explain five (5) Ecological factors to be considered in formulating corporate strategic decision. This part was equally well answered by most candidates. Although a number of candidates were answering the whole of the PESTEL factors rather than focusing just on Ecological factors. This affected candidates from obtaining full marks as they concentrated on areas not asked in the question.

## **QUESTION FOUR**

The general performance on the question was very good. Of the 48 that attempted the question, 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 79.2% was recorded. The highest score was 18 while the lowest was 4 out of 20.

This question Four had three (3) parts (a), (b), (c) and required candidates to:

Explain the term Leadership. Many candidates answered this part very well. Although some candidates were explaining the functions of Management rather than Leadership.

Outline six (6) characteristics of a leader. This part was well answered by almost all candidates that attempted it.

List four (4) types of Leadership theories you are familiar with. This part appears to have been the easiest for the candidates. They were able to list all the four types of Leadership theories. Those who did bad listed at least two theories right.

## **QUESTION FIVE**

The general performance on the question was good. Of the 44 that attempted the question, 26 managed to obtain at least 10 out of the available 20 marks. A pass rate of 59.1% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had three (3) parts (a), (b), (c) and required candidates to:

(i) Describe the following:

1. Transformation Change.
2. Incremental Change.

Majority of the candidates answered both parts very well.

(ii) Identify and explain the three (3) stages in recruitment and selection.

This part was not well answered by the majority of the candidates that attempted it. Most candidates failed to give the correct three stages of recruitment and selection. The candidates simply could not recall.

(iii) Describe the following:

1. Corporate Strategy. (4 Marks)
2. Business Level Strategy. (4 Marks)

This part was fairly well attempted. However quite a number of candidates simply failed to describe Corporate and Business Level strategy.

## **QUESTION SIX**

The general performance on the question was poor. Of the 41 that attempted the question, only 14 managed to obtain at least 10 out of the available 20 marks. A pass rate of 34.1% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had three (3) parts. Part (a) required them to explain any three (3) component elements that good leaders demonstrate their Emotional Intelligence. Most candidates could not explain as required. The candidates need to demonstrate understanding on this component.

Part (b) required them to state any four (4) benefits of delegation of Authority. This part was well answered by almost all candidates that attempted it.

In part (c), candidates were required to explain any five (5) factors to be taken into account in order to raise the levels of motivation as staff participate in business operations of an organisation. Most candidates failed to give the correct answers on the factors. Candidates need to pay more attention to what is been asked.

## **Overall performance of candidates**

Highest mark obtained in this paper:	74%
Lowest mark obtained in this paper:	6%
Overall pass rate in this paper:	55.1%

## **SUBJECT: DA8 FINANCIAL REPORTING**

### **QUESTION ONE**

The general performance on this question was very good. 121 of the 165 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 1 while the highest was 25.

This question had one part only. It required the candidates to prepare the consolidated statement of financial position for Panza group Plc.

The question was very well performed with many candidates getting above the average mark. Those that failed to score well were few and their challenges included proportionating the subsidiary's assets by the percentage of control parent had. This showed lack of understanding of consolidation process. A handful of candidates went ahead to include associate assets on proportional basis by the percentage interest of the parent in associate. Those who struggled with computation of goodwill mainly failed to realize that the deferred consideration was already discounted. This meant that their unwinding of discount was wrong too.

A number of candidates failed to compute goodwill at acquisition by leaving out the K5.00 share price or the  $\frac{1}{4}$  being the 1 share in Panza for every 4 shares in Sunda.

The value of investment property proved challenging to calculate using the backward method. This was as a result of candidates not appreciating some information given in the question about the recorded and the 'not yet recorded' investment.

Some candidates were failing to place the correctly computed figures in the right places on the face of the consolidated statement of financial position.

Other candidates failed to appreciate the correct places to use their worked out figures instead they merely ended up in workings.

It was also noted that a good number of candidates failed to correctly account for impairment loss on goodwill which was entirely taken to group retained earnings unlike apportioning it to non-controlling interest too by virtual of policy on fair value NCI.

It was observed from some candidates that there was confusing treatment applied to markup where some accounted for it as margin or just misapplication of fraction.

A misclassification of items to wrong headings all together was noted, for example, listing non-controlling interest under non-current assets. A handful of candidates could not treat the cash in transit as a reduction in bank overdraft instead opted to create a positive bank balance, not totally wrong though.



There were basically no complicated adjustments. Only the lack of preparedness on the part of most candidates at this sitting.

## **QUESTION TWO**

The general performance on this question was poor. Only 32 of the 161 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 19.9% was recorded. The lowest mark recorded was 1 while the highest was 21.

This was a compulsory question.

This question required candidates to prepare the statement of profit or loss in part (a), the statement of financial position in part (b). and to explain why the need for issuing IAS 37 Provisions, Contingent Liabilities and Contingent Assets was issued in part (c).

The general performance of candidates on this question was below average. The areas that posed a challenge to many of them included wrong calculation for the initial measurement of the lease liability and the right of use asset. A good number of candidates omitted this calculation completely with a handful missing out on discounting but only multiplying the lease rental by the lease term. As a consequence, they calculated depreciation and finance cost on wrong amounts, hence wrong balances for carrying amounts of ROUA and lease liability.

The total depreciation on items of property, plant and equipment (PPE) was mainly wrong as most candidates either did not depreciate the newly acquired item of PPE or proportionated using wrong months. Others failed to adjust for the disposed asset when arriving at the depreciable amount. Candidates prepared non current assets schedule and disposal calculations without using T-Formats of accounts but mixed up on where to put brackets. They demonstrated that they learn by rote memory, and not by understanding the logic of double entry. This also meant that carrying amount of PPE was not correctly ascertained.

Further, a good number of candidates mixed up the calculations for income tax and deferred tax for purposes of reporting on the SPL and for purposes of reporting on the SFP. As a result, the charge to the SPL was incorrect, just as were amounts reported on the SFP.

In very few cases, candidates took the opening deferred tax liability to the statement of financial position.

Overall, many candidates were able to score the free marks from figures that were straight from trial balance to financial statements except such entries do not carry substantial number of marks. A small number of candidates barely calculated anything but only the free mark direct entries from trial balance and their scoring was very low.

For Part (c) candidates described generally the importance of issuing accounting standards which is the content of the IASBs Conceptual Framework for Preparation of Financial Statements. Others defined assets and liabilities and stated the recognition criteria. On the other hand, the question required specifically the importance of issuing IAS 37 'in the area' described in the question.

A good number of candidates described provision for bad debts taught in secondary school instead of the content of IAS 37. This shows that students are not ardent readers of the study texts because by the exam day they would have learnt that 'provision for bad debts' is referred to as 'allowance for receivables. Overall, few candidates correctly answered part (c) in the 'context of IAS 37' as guided by the question.

### **QUESTION THREE**

The general performance on this question was fair. 67 of the 138 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 48.6% was recorded. The lowest mark recorded was 2 while the highest was 21.

It was an optional section B question that required candidates to calculate ratios and write a report that commented on the relative financial performance and financial position of the company over a two year period. Generally, the performance on this question was second best from question one.

A good number of the candidates at this sitting performed very well especially in part (a) which required calculation of five ratios, though the performance was disappointing for part (b). very few candidates had challenges of not knowing

formulas for the few ratios they needed to calculate. A handful of candidates were swapping numerators and denominators in the formulae.

Most of the candidates attempted part (a) and not part (b) equally reducing their chance of scoring high marks. It was disappointing to note that candidates of DA8 paper continue to struggle with ratio interpretation. Future candidates are reminded to pay attention to examiners reports that highlight common challenges candidates face, and the guidance given thereof.

Some candidates were not able to calculate the ROCE. Few that attempted to calculate were using the profit before tax and others profit for the year

Other candidates that scored below average mark showed lack of knowledge of the report format.

Further, analysis of the ratios calculated was the biggest challenge. Most candidates could only explain the movements in the ratios without giving the reason for the movements. Severally, examiners' report has provided guidance on this matter. It appears candidates are not fond of reading examiners comments in reports

Most candidates linked the reduction in the payable's ratio to the revision in the credit terms for the customers with no linking statement hence explanation hanging.

Some candidates failed to calculate correct ratios by using wrong figures all together for the ratios.

There was poor ratio analysis and reasoning in a few candidates who also failed to relate the changes in the analysed ratios to the possible activities or causes in the company. There was serious misunderstanding of reasons for the changes in the liquidity ratios portrayed. there

#### **QUESTION FOUR**

The general performance on this question was very poor. Only 1 of the 42 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 2.4% was recorded. The lowest mark recorded was 0 while the highest was 15.

The performance on this question was so bad. The question had four (4) scenario-based parts that required candidates to The question required candidates to explain the accounting treatment of business transactions in line with the issued IFRSs for each of the four clients.

On the transaction presented by Mwala Plc., few candidates identified the transaction as a financial asset debt instrument. Majority of candidates did not give the measurement and recognition criteria of financial assets as outlined in IFRS 9. Most answers were describing a liability and not an asset. Further, failure to identify the instrument as an asset meant that it was also incorrectly accounted for as a financial liability even in the manner in which transaction costs were accounted for.

On the transaction presented by Lusungu Holdings, candidates mistook the company as the lessee, instead of the lessor. There was little mention of control having been passed on the lessee. And so there was no mention of the company continuing to recognise the asset and depreciating it. There was no mention of recognising of future receipts from an operating lease on a straight-line basis. All candidates took the transaction to be a finance lease unfortunately. Future candidates are reminded that they need to understand the theory part of the transaction for them to explain the accounting treatment. This seemed lacking from most candidates.

On the transaction presented by Mweetwa Farms Limited, a small number of candidates correctly identified and differentiated a biological asset from a bearer plant. They also stated correctly the initial measurement and subsequent measurement, though they did not specifically mention how relevant amounts would be reported in the financial statements. A good number of candidates literally had no idea about this standard.

On the transaction presented by Salifyanji Limited, most candidates expressed total ignorance on the required and correct treatment in this scenario. It was clear they went to an exam with near no knowledge about IAS 12 Income taxes. Candidates did not apply the criteria for recognising tax assets arising from trading losses. Mostly they were ignorant. As a result, most of the answers stated that deferred tax should be calculated and accounted for when in fact not.

A good number of candidates were just rewriting the scenarios.

## QUESTION FIVE

The general performance on this question was poor. Only 19 of the 102 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 18.6% was recorded. The lowest mark recorded was 1 while the highest was 19.

The question was preceded by a very short scenario from which the candidates were required to answer the questions as highlighted below in parts (a) and (b).

This question was very popular amongst the candidates but poorly performed. A few of them performed very well especially in part (b) with disappointing performance for part (a).

Part (a) of the question was not attempted by some candidates thereby reducing the chances of obtaining full marks on the question after performing very well in part (b) of the question.

Some candidate failed in a (i) to differentiate the objectives of public and private sector entities. Many of the candidates merely cited general differences between private and public sector entities. This contributed to their great loss of marks

A section of candidates was explaining the operational set up of private companies and comparing them with government institutions in terms of controls and hierarchy.

Some candidates were explaining accounting standards, IFRSs, IPSASs and their objectives. Such candidates were completely off what they were expected to write for their answer.

In a (ii) some candidates were giving answers that were not speaking to the objectives of the International Public Sector Accounting Standards Board. It was somewhat total confusion with their direction of thinking.

Some candidates failed to differentiate compliance issues and policy formulation.

A few candidates were assigning monitoring, controlling and compliance matters to the objectives of the Board.

Others failed to explain the five-step revenue recognition model in b (i). this should have been the easiest part of this question. Those who knew the answer to b (ii) were able to obtain 50% of the available marks.

Some candidates only listed the steps without any attempt to explain anything thereby losing out on possible additional marks.

Some candidates failed to explain the requirements on indicators that a sale had taken place in b (ii). A good number of candidates expressed total ignorance of indicators of control in a sale transaction.

Some candidates were explaining terms of relationship between the buyer and seller.

Others simply failed to express themselves for the content meaning to be obtained.

**Overall performance of candidates**

Highest mark obtained in this paper: 65%

Lowest mark obtained in this paper: 4%

Overall pass rate in this paper: 27.5%

## **SUBJECT: DA9: MANAGEMENT ACCOUNTING**

### **QUESTION ONE**

The general performance on this question was fair. 81 of the 166 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 48.8% was recorded. The lowest mark recorded was 0 while the highest was 24.

This question required candidates to:

- (a) Calculate the breakeven point and the margin of safety, state the assumptions and the advantages of graphical break-even analysis.
- (b) Calculate the selling price of using the full cost plus method and (ii) state the advantages and disadvantages of the full cost plus pricing method.

The most common mistakes made by the candidates included:

- (i) The calculation of the breakeven point in (i) and the margin of safety in (ii) were generally done well except for a few candidates who struggled in stating the formulae in both cases.
- (ii) There were very few candidates who didn't do well on the assumptions part as the section just tested the basic assumptions in breakeven analysis. But poorer candidates completely waffled here and as a result scored zero.
- (iii) The advantages were well answered. However, in most cases candidates wrote more on disadvantages and others completely wondered away.
- (iv) Candidates had challenges in computing production overheads, as a result the total production cost was wrong, the figure on which the 25% mark-up should be based. Therefore, the selling price figure was accordingly wrong. Only a few candidates passed this section.
- (v) Most candidates got completely mix up on the advantages and disadvantages of the full cost plus method. As a result, many candidates failed.

### **QUESTION TWO**

The general performance on this question was very poor. Only 4 of the 148 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 2.7% was recorded. The lowest mark recorded was 0 while the highest was 21.

This question required candidates to:

- (a) Compute the cash return point(i); the upper cash limit(ii); explain how the minimum cash limit, upper cash limit and cash return point could be used to manage cash balances(iii)
- (b) Explain the three motives of holding cash
- (c) Calculate the total cost of holding and ordering inventory for the year

The most common mistakes made by the candidates included:

- (i) Candidates did not convert the annual interest rate into a daily rate in order to calculate the spread.
- (ii) Candidates had challenges with the formula for cash return point.
- (iii) Candidates could not even write down the upper cash limit formula in (a) (ii).
- (iv) Candidates seemed not to understand the concepts of minimum cash limit, upper cash limit and cash return point in (a)(iii).
- (v) The majority of candidates were using general knowledge to explain the concepts in (a) (iii).

It looks like tutors and students are not covering the Miller-Orr model of managing cash.

### QUESTION THREE

The general performance on this question was good. 98 of the 156 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 62.8% was recorded. The lowest mark recorded was 0 while the highest was 24.

This question examined candidates on basic variance analysis and required candidates to:

- (a) calculate the basic cost variances;(b) explain the causes of the adverse material usage variance; (c) explain the factors which should be considered before investigating a variance.

A good number of candidates scored good marks in part (a) probably because basic variances are also examined at the Diploma 1 level.

The most common mistakes made by the candidates included:

- (i) Providing general causes of variances (both favourable and adverse; price, rate, efficiency variances, etc.) instead of the causes of **material adverse** variances in part (b). Future candidates should read the requirements carefully.
- (ii) Not understanding what the examiner asked for in part(c). Answers included materiality, controllability, variance trend, cost vs benefits, etc.



## QUESTION FOUR

The general performance on this question was poor. Only 11 of the 37 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 29.7% was recorded. The lowest mark recorded was 0 while the highest was 19.

This question examined candidates' knowledge of limiting factors. Part (a) was required candidates to calculate the shortfall in machine hours. A good number of candidates managed to score good marks on this part.

Part (b) required candidates to calculate the contribution per unit. Candidates had challenges to calculate this figure.

In part (c), they were required to calculate the contribution per machine hour. Most candidates could not calculate the contribution per machine hour.

Parts (d) and (e) required the candidates to rank the products and determine the optimal profit maximising plan, respectively.

Parts (d) and (e) were poorly attempted due to the challenges they faced in parts (b) and (c).

Part (f) was poorly answered, and many candidates did not even answer this part. Those who attempted it could not suggest how the company could resolve the shortage of machine hours.

## QUESTION FIVE

The general performance on this question was good. 80 of the 142 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 0 while the highest was 22.

This question examined candidates' understanding of budgeting; including alternative budgeting systems such as incremental and rolling budgets.

Part (a) required candidates to:

- (i) prepare the materials usage budget.
- (ii) prepare the materials purchases budget.
- (iii) prepare the labour cost budget.

This part was well answered and candidates had good understanding of the labour cost budget.

Part (b) required candidates to state five objectives of budgeting

*This part was well answered and candidates had a good understanding of the objectives of budgeting.*

Part (c) required candidates to explain 'budgeting manual' and 'budget committee'

Part (d) required candidates to explain the differences between incremental budgets and rolling budgets.

The most common mistakes made by the candidates included:

- (i) Part (a) (i): Some candidates were multiplying the size of bags with production units to calculate the material usage budget.
- (ii) Part (a) (i): A good number of candidates confused the materials usage budget to materials purchases budget. Candidates were adding closing inventory of raw materials and subtracting opening inventory of raw materials in the usage budget, which was wrong-
- (iii) Part (a)(ii): The majority of candidates knew what they were doing but made errors by calculating the materials purchases budget for each size of bag rather than using the total usage budget and then adjust it for closing and opening inventories.
- (iv) Part(c): The majority of candidates just gave definitions without further explanations. *Future candidates should pay attention to examining verbs.*
- (v) Part (d): Candidates gave definitions only without bringing out the differences.
- (vi) The definitions were also below par by a number of candidates.

### **Overall performance of candidates**

Highest mark obtained in this paper:	71%
Lowest mark obtained in this paper:	14%
Overall pass rate in this paper:	39.4%

## **SUBJECT: DA10: TAXATION**

### **QUESTION ONE**

The general performance on this question was good. 63 of the 86 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 3 while the highest was 24.

This question was on the taxation of a public limited company which was registered on the Lusaka Securities Exchange (LuSE) and had offered 35% of its equity to indigenous Zambians and was divided into three parts (a) to (c).

In these parts candidates were required to calculate the maximum capital allowances claimable by the company, the taxable business profit and income tax payable for the tax year 2024.

A number of candidates had challenges in computing the capital allowances and ended up losing vital marks. Very few candidates managed to correctly compute the final income tax payable.

### **QUESTION TWO**

The general performance on this question was good. Only 60 of the 85 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 70.6% was recorded. The lowest mark recorded was 1 while the highest was 22.

This question was on the taxation of employment and investment income and had three parts (a) to (c).

In parts (a) and (b), candidates were required to explain the meanings of control, engagement and dismissal and tools as factors as used by the ZRA in establishing whether one is an employee or a self-employed person and also the income tax treatment of each of the investment income which was received in a given case study.

In part (c), candidates were required to calculate the amount of income tax payable by a given Musangu for the tax year 2024. Control

Part (a) and (b) of this was well attempted and correctly answered by most candidates. However, a few candidates were unable to correctly interpret the question requirement and ended up with wild answers and lost vital marks.

Part (c) of this question had to deal with employment and generally employment question has to be time apportioned, unfortunately most candidates who fail to timely and correctly apportion the employment status failed to correctly pick the full marks.

### **QUESTION THREE**

The general performance on this question was good. 31 of the 59 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 52.5% was recorded. The lowest mark recorded was 3 while the highest was 21.

This question was on VAT tax implications of a company duly registered for VAT, import taxes and residence status and had three parts (a) to (c).

In part (a) candidates were required to explain three (3) advantages of voluntary VAT registration and to calculate the VAT payable by a given SONTEX Limited company for the month of April

In part (b), candidates were required to calculate the value for duty purposes of the Hyundai car as well as the total import taxes paid by given Chuma on the importation of a car.

And in part (c), candidates were required to explain the criteria used to determine whether an individual and company are resident in Zambia for tax purposes.

Part (a) (i) was well answered by most candidates. However, in part (b); Most candidates had difficulties in computing the correct VAT payable in this may be attributed due to lack of knowledge and question practice VAT computation.

Part (c) which required computation of IMPORT duties was well answered by most candidates. However, a few of them failed to apply the correct Custom and Excise duties and lost the full marks.

### **QUESTION FOUR**

The general performance on this question was good. 44 of the 66 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 66.7% was recorded. The lowest mark recorded was 1 while the highest was 24.

This question variously covered the IFAC code of ethics for professional accountants, sources of revenue for the government other than tax, qualities of a good tax system and Property Transfer Tax and was divided into three parts (a) to (c).

In part (a), candidates were required to explain the ethical principles of integrity and confidentiality.

In parts (b) and (c), candidates were required to explain the following issues:

- (i) sources of revenue for Central Government apart from taxation.
- (ii) any three (3) qualities of a good tax system and
- (iii) the Property Transfer Tax implications on each of the above transactions and calculate the PTT payable, if any.

In part (a) of this question candidates who failed could not stick to the question requirement maybe due to lack of knowledge. Their answers were generally wild.

In part (c) of the question some candidates failed to distinguish when the PTT is applicable on the disposal of assets due to lack of knowledge and lost the vital marks.

### **QUESTION FIVE**

The general performance on this question was excellent. 41 of the 46 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 89.1% was recorded. The lowest mark recorded was 7 while the highest was 21.

This question was on the taxation aspects of a personal retail business including farming and had three parts (a) to (c).

In these parts candidates were required to calculate the final taxable business profit, farming operations capital allowances, final taxable business profit from farming operations and tax payable by a given Tidy Zulu on the farming and retail operations for the 2024 tax year.

In part (a) and (c) of the question most candidates lacked understanding on the application/treatment of disallowable expenses in the business profit computation and eventually were unable to compute the correct assessable income.

Other candidates failed to use the correct tax bands despite being provided exhibiting lack of knowledge.

### **Overall performance of candidates**

Highest mark obtained in this paper:	80%
Lowest mark obtained in this paper:	14%
Overall pass rate in this paper:	69.8%

## **SUBJECT: DA11: PRINCIPLES OF AUDITING**

### **QUESTION ONE**

The general performance on this question was very poor. Only 14 of the 146 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 9.6% was recorded. The lowest mark recorded was 0 while the highest was 17.

#### **Part (a)**

This part of the question required candidates to evaluate the removal of the previous auditors of Kalulushi Plc. This required knowledge and application of the theory on auditor removal to the information in the scenario.

The following observations were made:

- (i) There were candidates that explained the procedure for the resignation of auditors instead of the removal of Ruth & Rose as per question requirement. The two are different and marks were lost as a result.
- (ii) Many candidates explained in general terms the procedure for the removal of auditors without bringing out points relating to the case at hand.
- (iii) Some candidates argued for the removal of Ruth & Rose Chartered Accountants on the grounds that they were negligent in the performance of their work without making reference to the procedure followed.
- (iv) There were answers that showed lack of understanding of the subject matter, for example candidates suggesting that the letter of removal should have been signed by the board as against the Company Secretary perceived as a junior company official.

#### **Part (b)**

- (i) This part of the question required candidates to explain the pre-conditions that should be present before acceptance to be auditors. This was a knowledge based question in which candidates should have scored maximum marks and this is a topic that has been examined in a similar manner in the past.

The following observations were made:

1. Very few candidates scored marks in this part of the question with many candidates explaining acceptance issues that must be considered.
2. This was a knowledge based question and candidates should have considered the term preconditions which have been examined in this manner in the past. The pre-conditions that should exist failure to which the audit should not be accepted are the appropriateness of the financial reporting framework upon

which the financial statements are prepared and management's acknowledgement and acceptance of its responsibilities.

3. A sizeable number of candidates explained the procedure of the auditors communicating with the outgoing auditors and the action that should be taken if permission to communicate is not granted. This did not answer the question requirement, and no marks were awarded for doing so.
  4. There were candidates that explained fundamental principles which were not the question requirement.
- (ii) This part of the question required candidates to explain ethical matters that should be considered and also explain how these matters would be dealt with. The performance in this question was very poor a core topic of the syllabus. Very few candidate scored half or more of the available marks.

The following observations were made:

1. Many candidates gave general answers with no reference whatsoever to the information in the scenario.
2. Some of the answers given were clearly incorrect and suggest lack of understanding of dealing with scenarios..
3. Many candidates tried to suggest ethical matters that should be considered but did not attempt to suggest how they could be dealt with. This basically required candidates to explain the safeguards that must be applied.
4. Disappointingly there were many candidates that stated and explained the fundamental principles and explaining what they mean which was not the question requirement.
5. A large number of candidates explained the five general threats to adherence with the ethical principles of self-interest, self-review etc. which again was not addressing the question requirement. They did this without any reference to the scenario and so no suitable safeguards were discussed.

Candidates struggled to find information in the scenario that related to each of the general threats. In this type of question there is NO need to struggle and find support for each of the ethical threats in the scenario. All candidates need to do is to consider the ethical issues and in so explaining could state the threat posed. The main matter that should be in the solution is the ethical matter of concern. For example, the engagement partner was an old friend of the CFO and this is what should be discussed and the fact that it gives rise to a familiarity threat and go on to suggest a suitable safeguard.

**Part (c)**

This part of the question required candidates to explain the possible uses of the internal audit department in the audit of the financial statements of Kalulushi Plc. giving examples.

A majority of candidates did not score any marks in answering this part of the question. The key words that the candidates should have paid attention to are the possible uses of the internal audit department in the conduct of the audit. Part C of the syllabus clearly deals with the extent to which external auditors may rely on the work done by internal auditors in the conduct of the audit. The external auditors may use the work of internal audit and may seek direct assistance of internal audit in the conduct of their work. This is well explained in the available study material and candidates are expected to discuss when it is appropriate to use the work of internal audit or seek direct assistance.

The following observations were made:

- (i) Many candidates simply did not know how to deal with this question with some suggesting that internal auditors do form an opinion on the financial statements.
- (ii) A majority of the candidates discussed the weaknesses in the internal audit department and particularly the lack of independence and objectivity.
- (iii) A majority of the candidates explained the roles that internal audit plays in the organization with no reference to the external audit as expected and no marks were awarded for doing so.

**QUESTION TWO**

The general performance on this question was poor. Only 23 of the 137 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 16.8% was recorded. The lowest mark recorded was 0 while the highest was 19.

**Part (a)**

This part of the question required candidates to explain 2 methods that could be used in recording the accounting and control systems in planning the audit of the financial statements of Everest Ltd and to give one disadvantage of each method.

The performance in this part of the question was poor with a majority of candidates losing all the available marks.

The following observations were made:

1. Some candidates explained analytical procedures which are a method of obtaining audit evidence and not a method of recording accounting and control systems.
2. There were candidates that explained the books of original entry of purchases and sales daybooks.



3. There were candidates that explained computerized and manual systems, which suggests that they did not understand the context of the question.

**Part (b)**

- (i) This was a knowledge based question requiring candidates to explain 3 substantive procedures that could be used to obtain evidence in the audit of the financial statements of Everest Ltd.

Most of the candidates did not score any marks largely because they mistook these procedures for financial statement assertions and went on to explain some assertions for which no marks were awarded. Candidates are reminded that auditors perform audit procedures at all the three stages of auditing and these are the ones they needed to explain in answering this part of the question. Without knowing and understanding these procedures it is unlikely that candidates can describe suitable audit procedures that should be undertaken to test the financial statements assertions contained in the figures in the financial statements.

- (ii) This part of the question required candidates to explain the meaning of analytical procedures and to explain the three stages during the audit that analytical procedures could be used.

A majority of the candidates explained the meaning of analytical procedures but failed to explain their use at the three stages of audits. The three stages in question are the planning, conduct of the audit and the review stages and analytical procedures are used by the auditors at all these stages for various reasons which should have been explained.

**Part (c)** of the question required candidates to explain matters that require to be considered in relying on perpetual inventory records to determine the inventory value at the period end.

In order to answer this question satisfactorily candidates needed to know the meaning of perpetual inventory and also the fact that if there are weaknesses in the perpetual inventory system then it would not be appropriate to rely on the results of perpetual inventory count for the purposes of inventory valuation at the period end.

An evaluation of the perpetual inventory system in use by Everest Ltd it is evident that they are strong and adequate and so could be used as a basis of inventory valuation. Candidates only needed to explain the positive aspects which are explained in the scenario and conclude appropriately.

A majority of the candidates explained the generalities of audit evidence such as originals are more reliable than photocopies which did not answer the question requirement and for which no marks were awarded.

**Part (d)** of the question required candidates to explain 4 substantive audit procedures that should be performed in the audit of the figure for electricity in the profit or loss account.

Candidates needed to understand the accounting for accruals in the financial statements and realize that two months' electricity was owing at the period end and was recognized as accruals in the profit or loss account. It was disappointing that many candidates gave wrong audit procedures not related to an expense in the profit or loss account for example:

- (i) Some candidates explained observations as one of the audit procedures which is clearly incorrect.
- (ii) There were candidates that gave procedures to test for the ownership of electricity which is incorrect.

Audit procedures are a core area of the syllabus and candidates should be able to suggest suitable substantive audit procedures for specific account areas in the syllabus.

### **QUESTION THREE**

The general performance on this question was poor. Only 18 of the 57 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 31.6% was recorded. The lowest mark recorded was 0 while the highest was 18.

The performance in this question was fair with an average score of 10 of the maximum possible marks. This however falls short of half the available marks which candidates should aim getting if they are to accumulate the required 50 marks to pass the examination.

**Part (a)** of the question required candidates to state any 4 financial statement assertions and for each assertion to describe 1 suitable audit procedure. No marks were awarded for a procedure that is not related to the assertion stated.

It was observed as has been the case in the past that a majority of the candidates have challenges in describing audit procedures for given figures in the financial statements. This is a core syllabus area and it is most likely to be examined in future and candidates must ensure they understand and able to describe the necessary audit procedures. This can only be done if candidates understand the accounting and the assertions in the figures contained in the financial statements.

The following observations were made:

- (i) Many candidates simply stated four assertions without attempting to describe the audit procedure necessary to test the stated assertion. This only attracted half the available marks.

- (ii) There were candidates that gave the wrong audit procedures for the assertions stated and no marks were awarded for doing so.
- (iii) Many candidates described the reason for the audit procedures without describing the procedure that must be undertaken. For example, for the assertion of existence, candidates suggested that the audit procedure should be to ensure that the motor vehicle existed instead of explaining that a physical inspection of the motor vehicles should be done to confirm existence.

**Part (b)** of the question required candidates to suggest 4 audit procedures to use in the audit of director's emoluments in the financial statements. The performance in this part was poor, signifying lack of knowledge of the accounting for director's emoluments. Candidates are once again reminded to ensure they know the accounting for specific areas in the syllabus.

The following observations were made:

- (i) Many candidates could not suggest four audit procedures and so lost easy marks.
- (ii) Many candidates explained in general terms why procedures should be undertaken instead of how which is the procedure required.

**Part (c)** of the question required candidates to explain audit procedures on uncorrected misstatements identified during the audit and those that remain uncorrected at the period end. Knowledge of the provisions of ISA 450 *Evaluation of misstatements identified during the audit*.

The following observations were made:

- (i) A majority of the candidates seemed not to understand the topic on uncorrected misstatement and could not give appropriate audit procedures that should be undertaken.
- (ii) Many suggested that these should be discussed with management and if nothing is done the auditors should resign without considering the impact this could have on the audit report and opinion.

The performance in part (d) of the question was poor showing lack of understanding on the different forms of opinions that can be issued and the factors to consider in reaching a particular opinion. In all the three cases candidates were expected to comment on the appropriateness of the suggested opinions and argue correctly for the suggested alternative opinion.

The following observations were made:

- (i) There were candidates that simply agreed or disagreed with the suggested opinion without any explanation for which no marks were awarded.

- (ii) There were candidates that gave extracts of the opinion paragraph and basis of opinion paragraph in most cases with wrong wording without the evaluation required per question requirement.
- (iii) There were matters that needed to be included in separate paragraphs in the audit report including the emphasis of matter and other matter paragraph. The question specifically required candidates to explain the matters would be included in the audit report. For example, candidates should have noted that the fact that the previous year financial statements were audited by different auditors could be included in the *other matter paragraph*.

## **QUESTION FOUR**

The general performance on this question was good. Only 85 of the 124 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 68.5% was recorded. The lowest mark recorded was 1 while the highest was 18.

### **Part (a)**

- (i) This part of the question required candidates to explain the meaning of business and audit risks and to explain the responsibilities of management and the auditors for these risks.

The following observations were made:

1. A sizeable number of candidates explained business risks without explaining audit risk and the responsibility for it.
  2. There were candidates that simply explained each of business and audit risks without addressing the requirement to explain the responsibilities for each of the two types of risks.
  3. There were candidates that did not know the two types of risks and for example explained business risk as the risk faced by auditors during an audit without explaining how business risk could impact the financial statements.
- (ii) This part of the question required candidates to explain the importance of business risks in the audit of financial statements. Many candidates simply did not attempt to answer this part of the question. A majority failed to relate business risks to what could go wrong in the financial statements and particularly the aspect of going concern and for the basis of preparing the financial statements.

### **Part (b)**

- (i) This part of the question required candidates to state 2 disadvantages of using Computer Assisted Audit Techniques in the audit of financial statements.

Most candidates scored maximum marks and explained the disadvantages as required. A minority of candidates explained the benefits of CAATs for which no marks were awarded as this did not address the question requirement.

- (ii) This part of the question required candidates to explain the meaning of test data and audit software and to describe how each one of them could be used in the audit of the financial statements of Konkola Ltd. This has been examined in this same manner in the past and the poor performance suggests that candidates do not go through past examination questions and answers when preparing for the examinations.

The following observations were made:

1. Some candidates only tried to explain the meaning of each of test data and audit software without using an example to describe each of them as per question requirement. This resulted in the loss of the allocated marks for doing so.
2. There were candidates that explained test data as tests of internal controls without explaining how this is done in a computer environment.
3. Others explained audit software as computerized internal controls that management puts in place which is incorrect.
4. Others explained test data as processes that management has put in place to detect errors and omissions.

### **Part (c)**

- (i) This part of the question required candidates to distinguish tests of controls from substantive audit procedures in an audit. This has been examined in previous examinations in a similar manner, and it was disappointing that candidates could not adequately explain each of these resulting in the loss of easy marks.

A significant number of candidates could not satisfactorily explain substantive audit procedures and instead explained financial statements assertions which was incorrect.

- (ii) This part of the question required an explanation of internal control weaknesses in the operations of Konkola Ltd and to make recommendations to remedy the weaknesses.

The performance in this part of the question was good with most candidates scoring maximum marks. A few candidates explained internal control weaknesses without making necessary recommendations to improve the weaknesses.

There were also candidates that explained threats to the auditors with no reference to the scenario and these are not weaknesses and no marks were awarded for doing so.

## **QUESTION FIVE**

The general performance on this question was fair. Only 43 of the 107 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 40.2% was recorded. The lowest mark recorded was 0 while the highest was 18.

### **Part (a)**

This part of the question required candidates to explain deficiencies in the inventory count instructions in the scenario and to suggest improvements to the weaknesses explained.

A majority of candidates scored half or more of the available marks and ably explained the weaknesses and suggested suitable improvements on the weaknesses observed.

There were some interesting incorrect explanations that were observed as follows:

- (i) Candidates suggesting that inventory count can and should only be counted at the period end on the last day signifying lack of understanding of the fact that it could also be before or after the period end which may require adjustments for the movement to or after the period end.
- (ii) Some candidates suggested that inventory count should be conducted more regularly on a monthly basis. For management control purposes this is correct but for the period end the inventory count is meant to determine the closing inventory which will be in the statement of financial position which also impacts on the profit for the year.
- (iii) Some candidates suggested that two days was insufficient and more days should have been set aside for this, which is really not the case. Inventory count conducted at the period end is the best because there are adjustments that require to be made for movements before and after the period end.
- (iv) There were candidates that explained risks in answering this part of the question which did not address the question requirement.
- (v) There were candidates that described the resignation of the Audit Senior as an inventory count instructions weakness. This was relevant in answering part (c) that required an explanation of audit risks.

### **Part (b)**

This part of the question required candidates to explain any 1 method that could be used by the audit team to identify audit risks at the planning stage of the audit of Nchanga Ltd.

There were many candidates that seemed not to know what to explain in this section. Many candidates explained planning an audit without explaining any method that could be used to identify risks at the planning stage of the audit. There were also candidates who explained methods of gathering evidence such as recalculation etc. with no relationship with risk identification

### **Part (c)**

This part of the question required candidates to explain 4 audit risks in the audit of the financial statements of Nchanga Ltd and for each risk to suggest a suitable response.

This question required candidates to apply the theory on risk to the scenario and explain the risks and also the response that should be undertaken. This topic has been examined in this manner in past examinations and the poor performance is rather disappointing.

The following observations were made:

- (i) There were candidates who explained risks without suggesting suitable responses that should be taken by the auditors.
- (ii) There was evidence of candidates showing lack of understanding of audit risk. This was evidenced by candidates not being able to relate the risks identified to the assertions in the financial statements.

Some examples of answers given include:

1. The company should not change the accounting system during the financial year when this had been done and there is nothing that stops a company from changing the accounting system.
  2. Arising from the resignation of the Senior Auditor, the company should consider outsourcing the auditing department.
  3. The company has no audit department and yet no such information is contained in the scenario and clearly this is not a response to the assessed risk by external auditors.
- (iii) A majority of the candidates explained the suitable responses that should be undertaken in view of the audit risks from the point of view of management. For example considering the risk arising from a change in the accounting system during the year suggested response is that the company should not change the system or should wait until after the period end. This is clearly incorrect and there is nothing that stops the company from changing its accounting system.
  - (iv) Furthermore, candidates should understand that risk and risk responses should be considered from the point of view of the auditors and not management. The objective for the auditor is to identify the risks and respond appropriately in order to reduce risk to acceptable levels.

**Part (d)**

This part of the question was knowledge based and required candidates to explain 4 overall audit responses in accordance with the provisions of ISA 330 *The auditor's responses to assessed risks*.

The majority of the candidates simply did not know the provisions of ISA 330. The *auditor's responses to assessed risks* and scored no marks in this part of the question it is a syllabus requirement that candidates should be able to explain relevant substantive procedures in relation to financial statements assertions contained in the financial statements. The bulk of the audit procedures are contained in the auditing standards which give guidance in respective areas and candidates are expected to remember and be able to explain these in the examination. The responses required are those after an evaluation of audit risk in an audit and candidates should have been guided by the term *overall audit responses* to be able to relate this to the provisions of ISA 330.

**Overall performance of candidates**

Highest mark obtained in this paper:	62%
Lowest mark obtained in this paper:	11%
Overall pass rate in this paper:	15.1%



## **SUBJECT: DA12 GOVERNANCE AND COMPANY LAW**

### **QUESTION ONE**

The general performance on this question was fair. 42 of the 91 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 46.2% was recorded. The lowest mark recorded was 1 while the highest was 20.

The question had four parts:

- (a) Candidates struggled to answer this question generally questions to do with shares tend to have a low pass rate.
- (b) The question was misunderstood by most candidates. It could have been phrased in clearer terms.
- (c) Corporate governance seems to have been understood however they were a handful of candidates who discussed the fiduciary duties of the company secretary and not the generic duties of a company secretary. They gave answers like good faith etc
- (d) Candidates showed an understanding of meetings as they answered this fairly well.

This question was compulsory and it had three parts. Future candidates are encouraged to revise the topic in Full as provided for in the ZiCA manual. They are further called upon to make use of the past papers which are readily accessible at ZiCA library and website.

### **QUESTION TWO**

The general performance on this question was good. 52 of the 91 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 57.1% was recorded. The lowest mark recorded was 0 while the highest was 20.

This was a two-part question. The first part (a) was on lifting of the veil of incorporation. Students performed poorly on this part. Future students should be helped to understand the Salomon principle and how it applies to the lifting of the veil of incorporation. The second part (b) required students to explain the stages of incorporation. Students under performed on this part also. Future students should be helped to fully understand the stages of incorporating a company.

### **QUESTION THREE**

The general performance on this question was poor. Only 11 of the 47 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 23.4% was recorded. The lowest mark recorded was 3 while the highest was 20.

This question was divided into three parts.

- (a) Candidates here were required to define the articles of association, and at least 90% of the candidates managed to define articles of association.
- (b) Under this part, only 5% managed to give the correct advice and even making reference to case law.
- (c) Again here, only 50% of the candidates managed to describe the role of the remuneration committee.

For the candidates who failed to give the correct answers, it appears that they did just study the topics, hence the difficulty in identify the correct answers. Going forward candidates are encouraged to devote enough time to their studies.

#### **QUESTION FOUR**

The general performance on this question was excellent. 86 of the 89 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 96.6% was recorded. The lowest mark recorded was 8 while the highest was 25.

The question was on the types of meetings companies hold, winding up of a company and definition of a liquidator. No challenges were noted.

In future candidates should continue doing their best across the syllabus.

#### **QUESTION FIVE**

The general performance on this question was very good. 34 of the 46 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 73.9% was recorded. The lowest mark recorded was 1 while the highest was 22.

This question was divided into three parts (a), (b) and (c).

- (a) Under this part, all candidates managed to identify the two theories referred to in the question.
- (b) Under this part also the performance was impressive with all candidates giving the correct differences between a company limited by shares and an unlimited company.
- (c) This question was equally straight forward the performance too was impressive. The question was very basic and easily understood by the candidates. The few who failed did not do well owing to their own unpreparedness.

In future, students must read and prepare widely.

## **Overall performance of candidates**

Highest mark obtained in this paper:	76%
Lowest mark obtained in this paper:	11%
Overall pass rate in this paper:	76.9%