Zambia Institute of Chartered Accountants

JUNE 2026 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN ACCOUNTANCY

SUBJECT: DA 1 FINANCIAL ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 104 that attempted the question, only 35 managed to obtain at least 10 out of the available 20 marks. A pass rate of 33.7% was recorded. The highest score was 14 while the lowest was 2 out of 20.

This was a compulsory question with ten (10) parts. One candidate did not attempt the question. Parts 1.3, 1.7 and 1.10 proved difficult for candidates due to failure to adequately cover the syllabus.

QUESTION TWO

The general performance on the question was very good. Of the 92 that attempted the question, 73 managed to obtain at least 10 out of the available 20 marks. A pass rate of 79.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to prepare a manufacturing account for the year ended 31st December 2025 (4½ marks). No particular problem was identified.

Part (b) required candidates to prepare a statement of profit or loss account for the year ended 31st December 2025 (6 marks). This part was well answered. Part (c) required candidates to prepare a statement of financial position as at 31st December 2025 (9½ marks).

QUESTION THREE

The general performance on the question was very poor. Only 4 of the 23 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 17.4% was recorded. The highest score was 14 while the lowest was 2 out of 20.

Part (a) required candidates to prepare a two-column cash book (7 marks). Many candidates failed to establish the total sales figure using cash account.

Part (b) required candidates to prepare a statement of profit or loss account for the year ended 31st December 2026 (8 marks). Candidates failed to establish the purchases figure. This figure was found by using payable control account as recommended under incomplete records reading materials.

Part (c) required candidates to prepare a statement of financial position as at 31st December 2025 (5 marks). The performance on the part was good.

QUESTION FOUR

The general performance on the question was good. Of the 95 that attempted the question, 68 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to prepare the profit or loss appropriation account for the year ended 31st December 2025 (9 marks). The changes that took place half-way in the reporting

period made candidates to fail to calculate the interest on capitals for Rodrick and Joseph. Many candidates failed to deduct the interest on Joseph's loan from net profit.
Part (b) required candidates to prepare partners' current accounts. This was answered correctly though with wrong figures on interests.

Part (c) required candidates to prepare partners' capital accounts for the year ended 31st December 2025. This part was correctly answered.

QUESTION FIVE
The general performance on the question was very poor. Of the 87 that attempted the question, only 2 managed to obtain at least 10 out of the available 20 marks. A pass rate of 2.3% was recorded. The highest score was 11 while the lowest was 0 out of 20.

Part (a) required candidates to prepare journal entries to correct the given errors and omissions (14 marks). This part was poorly answered. The candidates failed to identify the accounts affected by each error, candidates were showing figures without the name of the accounts. It became clear that candidates lack knowledge of double entry bookkeeping system. Candidates are encouraged to learn double entry bookkeeping system.

Part (b) required candidates to prepare the suspense account to show clearly the opening difference in books (3 marks). This part was poorly answered due to poor knowledge of the double entry bookkeeping system.

Part (c) required candidates to identify three (3) accounting errors that can be detected by preparing a trial balance (3 marks) candidates avoided this part.

QUESTION SIX
The general performance on the question was excellent. Of the 105 that attempted the question, 92 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.6% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (a) required candidates to prepare the statement of profit or loss account for the year ended 31st December 2025. This part was correctly answered.

Part (b) required candidates to prepare the statement of financial position as at
31st December 2025. This part was correctly answered.

Part (c) required candidates to list six (6) factors that have shaped the development of financial accounting. This part was poorly answered.

OVERALL PERFORMANCE OF CANDIDATES:

Highest mark obtained in this paper:	73%
Lowest mark obtained in this paper:	18%
Overall pass rate in this paper:	53.3%

SUBJECT: DA 2 QUANTITATIVE ANALYSIS

QUESTION ONE

The general performance on the question was fair. Of the 54 that attempted the question, 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 50% was recorded. The highest score was 20 while the lowest was 4 out of 20.

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

QUESTION TWO

The general performance on the question was very good. Of the 52 that attempted the question, 40 managed to obtain at least 10 out of the available 20 marks. A pass rate of 76.9% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Part (a) required candidates to compute how long it would take the grow K15,000 to K80,000 when invest at an annual interest rate of 9% compounded monthly, while part (b) required them to use plot given data on a scatter diagram, to find the regression line, the estimate the value of y when $x = 18$ and to calculate the coefficient of correlation r. 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.

QUESTION THREE

The general performance on the question was very poor. Of the 40 that attempted the question, only 6 managed to obtain at least 10 out of the available 20 marks. A pass rate of 15% was recorded. The highest score was 14 while the lowest was 0 out of 20.

Part (a) required candidates to use the Binomial distribution to calculate the required probabilities. It was observed that the candidates used wrong distributions and were not able to solve the questions correctly.

Part (b) required candidates to compute the present value of an ordinary annuity that pays K3,895 every three months for five years if money is worth 6.8% compounded quarterly while part (c) of the question required candidates to find the expected value and the standard deviation based on the given probability distribution table. The performance was not good either. Very few candidates managed to complete the required tasks, others did not even know what to do.

QUESTION FOUR

The general performance on the question was very poor. Of the 41 that attempted the question, only 5 managed to obtain at least 10 out of the 20 available marks. A pass rate of 12.2% was recorded. The highest score was 14 while the lowest was 0 out of 20

This question was divided into three parts. Part (a) required candidates to use the Poisson distribution to calculate the required probabilities. It was observed that the candidates used wrong distributions and were not able to solve the questions correctly. It's like candidates completely lacked knowledge on Poisson distribution, perhaps there is need to emphasize that it's part of the syllabus and candidates should cover it in their studying.

Part (b) required candidates to calculate the median, the standard deviation, the range and the interquartile range from a given scenario of ungrouped data. The first and third parts of the question were solved without much struggle, but application of concepts emphasized in the second and fourth parts 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 and the interquartile range.

Part (c) required candidates to candidates to briefly explain on what each measure of dispersion calculated in part (b) mean and which one is more useful. Most of the candidates did not even attempt this part. The few who did still got it wrong, they showed lack of understanding on the subject matter.

QUESTION FIVE

The general performance on the question was very poor. Of the 38 that attempted the question, only 3 managed to obtain at least 10 out of the 20 available marks. A pass rate of 7.9% was recorded. The highest score was 11 while the lowest was 0 out of 20.

This question was divided into two parts;

Part (a): This part of the question required candidates to use a multiplicative model and the method of moving averages to obtain the trend using four moving average seasonal variation for the given time series data, determine the average seasonal variation and interpret it and then forecast the percentage of personal disposable income. The performance on this part of the question was not good. Candidate demonstrated lack of knowledge of the topic of time series.

Part (b) of the question required candidates to use probability rules such as complements, tree diagrams and additional rules to solve the given problem. The general performance was bad since there was inconsistence in using correct formula. Others lost marks because they lacked basic knowledge on the topic of study.

QUESTION SIX

The general performance on the question was very poor. Of the 36 that attempted the question, only 3 managed to obtain at least 10 out of the 20 available marks. A pass rate of 8.3% was recorded. The highest score was 12 while the lowest was 0 out of 20.

This question was divided into two parts:

Part (a) of the question required candidates to use the principle of compound interest to find the monthly payment on a loan, the total payment and the finance charge. It was noted that majority of candidates failed this question due to use of wrong formulae. The performance on part (a) was not good.

Part (b) of this question required candidates to use the normal distribution method to calculate probabilities. The performance on this part was equally not good. It was observed that candidates made errors in use of the z-tables to find final probability values. It was also observed that some candidates still struggle with probability concepts as they were presenting solutions with probabilities greater than one which is wrong.

Overall performance of candidates

Highest mark obtained in this paper: 64%
Lowest mark obtained in this paper: 4%
Overall pass rate in this paper: 14.8%

SUBJECT: DA 3 BUSINESS ECONOMICS

QUESTION ONE

The general performance on the question was fair. Of the 80 that attempted the question, only 38 managed to obtain at least 10 out of the available 20 marks. A pass rate of 47.5% was recorded. The highest score was 18 while the lowest was 2 out of 20.

QUESTION TWO

The general performance on the question was fair. Of the 70 that attempted the question, only 34 managed to obtain at least 10 out of the 20 marks available. A pass rate of 48.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

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

(a) This part of the question required candidates to outline the concept of scarcity in economics. This was correctly answered by majority of the candidates. However, some candidates' answers deviated from basic economic problem where scarcity is key. They outlined scarcity as related to shortage where demand is greater than supply for a good!

(b) This question required candidates to explain the statement that "economic demand needs to be effective". This part of the question was poorly answered. Only one (1) candidate got it correctly. Many candidates considered effective demand as a firm able to supply enough quantities of good to meet demand. This was totally wrong. Effective demand means that buyers have the money to buy a good named otherwise demand would be zero even when people's wants and needs are high.

(c) This question required candidates to use supply and demand curves to explain how the given events would affect the equilibrium price and equilibrium quantity of a named good.

(i) Outbreak of armyworms on maize production

(ii) Recommended health benefits of honey consumption compared to sugar

The overall performance was average. Some of the common mistakes noted were as follows:

- Poor graphs. Some graphs were not properly labelled, some interchanged demand and supply curves, others could not show the shift in a given curve, others had both demand and supply curves shifting (double shifts).
- Some candidates drew the correct graphs but did not provide and explanation while others provided the correct explanation with the accompanying graphs.
- Candidates are always advised that any question on demand and supply analysis would require the candidates first draw the initial equilibrium position. Then identify which graph would shift following the occurrence of the named event and the direction of the shift. Either the supply curve or demand curve can shift but not both t this level of study. It must be just one graph per event.

QUESTION THREE

The general performance on the question was excellent. Of the 47 that attempted the question, 41 managed to obtain at least 10 out of the available 20 marks. A pass rate of 87.2% was recorded. The highest score was 20 while the lowest was 4 out of 20.

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

(a) This part of the question was divided into two parts and required candidates to:
   (i) Define marginal product of labour. This was fairly well answered, though some definitions were those of average product.
   (ii) Complete the given table by calculating marginal product and average product of labour. The computations were below average. Majority of the candidates seemed not to know let alone apply the formulae. MP_L = Change in Total Product/Change in number of workers while AP_L= Total Product/Number of workers.

(b) This question required candidates to explain the importance of marginal product of labour to a businessperson. This was fairly attempted, though some explanations were generally poor. Some explanations given were devoid of marginal product of labour.

(c) This question required candidates to outline any four (4) advantages of a public limited company. Majority of the candidates answered this question correctly and obtained the full 8 marks allocated. However, some candidates merely listed the advantages. Other, mixed the advantages of public limited company to those of partnership.

QUESTION FOUR

The general performance on the question was fair. Of the 41 that attempted the question, 23 managed to obtain at least 10 out of the available 20 marks. A pass rate of 56.1% was recorded. The highest score was 16 while the lowest was 2 out of 20.

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

(a) This part of the question required candidates to outline any four (4) characteristics of oligopoly market structure. The performance on this question was fair. The common mistake was that some candidates confused oligopoly with monopoly and provided characteristics of monopoly! Further, some candidates provided fewer than the four (4) characteristics that were required and could not obtain the full credit allocated for the question.

(b) This question required candidates to illustrate using a diagram the equilibrium position of a colluding oligopolistic firm. This was poorly done. Majority of the candidates drew the kinked demand curves. This was wrong because a colluding oligopolistic firm assumes the characteristics of a monopoly hence the graph required was that of monopoly. Other candidates drew ordinary demand and supply curves!

(c) This question required candidates to describe any three (3) ways how firms differentiate their products. This was well answered by the majority of the candidates.

QUESTION FIVE

The general performance on the question was fair. Of the 64 that attempted the question, 33 managed to obtain at least 10 out of the 20 available marks. A pass rate of 51.6% was recorded. The highest score was 20 while the lowest was 0 out of 20.

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

(a) This part of the question required candidates to define the term balance of payments. Performance was fair though a number of definitions were very poor.

(b) This question required candidates to outline any three (3) measures that a country facing a persistent balance of payment deficit can take to rectify or correct the deficit. This was poorly done by many candidates. Many candidates provided measures a country can adopt to finance the deficit rather than to correct or rectify it. These are two different measures. Some who came close lamped all their points on deflationary related measures hence could not obtain the full credit allocated for the question.

(c) This question required candidates to outline any four (4) consequences of unemployment. This was well answered by majority of the candidates. However, some candidates outlined the types of unemployment instead of the consequences as required. Candidates are strongly urged to read and understand the specific requirements of a question.

QUESTION SIX

The general performance on the question was good. Of the 52 that attempted the question, 36 managed to obtain at least 10 out of the 20 marks available. A pass rate of 69.2% was recorded. The highest score was 17 while the lowest was 0 out of 20.

The question was divided into four (4) parts namely (a), (b), (c) and (d) as follows:

(a) This question required candidates to outline any four (4) functions of commercial banks. This question was well answered by majority of the candidates. However, a few candidates presented functions of the Central Bank as functions of commercial banks. Still others presented objectives of commercial banks instead of the functions as required by the question.

(b) This question required candidates to define the terms required reserve ratio and excess reserves. The definitions were largely poor.

(c) This question required candidates to explain what happens to the credit multiplier when the central bank increases the required reserve ratio. Performance was largely poor. Many candidates indicated that the credit multiplier would increase which was wrong. Other candidates merely stated that it would decrease without a further explanation and could not get the full marks.

(d) This question required candidates to discuss any three (3) reasons that can lead to an appreciation of a currency in a floating exchange rate system. The overall performance on this question was good. Majority of the candidates were able to present the correct discussions. However, some candidates merely presented answered on factors that affect the exchange rate. The key issue was to align those factors with appreciation of the currency.

QUESTION SEVEN

The general performance on the question was good. Of the 41 that attempted the question, 25 managed to obtain at least 10 out of the 20 available marks. A pass rate of 60.9% was recorded. The highest score was 20 while the lowest was 4 out of 20.

The question was divided into five (5) parts namely (a), (b), (c), (d)and (e) as follows:

(a) This question required candidates to explain the terms aggregate demand and aggregate supply. This was well answered by majority of the candidates.

(b) This question required candidates to describe the three (3) components of aggregate demand. This was poorly answered by majority of the candidates. Majority of the candidates presented the three methods of measuring national income, namely output, income and expenditure methods! Components of aggregate demand are consumption, investment and government spending.

(c) This question required candidates to distinguish between Gross Domestic Product, Gross national Product and Net National Product. This was well answered though some candidates got Net national Product wrong.

(d) This question required candidates to determine the equilibrium level of national income using the given data. Candidates were awarded the free 2 marks because data required for the determination was erroneously missing from the question.

(e) The question required candidates to calculate the new equilibrium level of national income when investment increases to 200. Candidates were awarded the free 2 marks because data required for the determination was erroneously missing from the question.

Overall performance of candidates

Highest mark obtained in this paper: 79%
Lowest mark obtained in this paper: 8%
Overall pass rate in this paper**:** 66.3%

SUBJECT: DA 4 INFORMATION TECHNOLOGY AND COMMUNICATION

QUESTION ONE

The general performance on the question was good. Of the 88 that attempted the question, 55 managed to obtain at least 10 out of the available 20 marks. A pass rate of 62.5% was recorded. The highest score was 16 while the lowest was 4 out of 20.

This question required candidates to select the best answer from the given options. Candidates who did not perform well failed to select the best answers and that affected them. Some candidates were able to select answers that were close to the best options, unfortunately lost marks because their answers were not the best options.

QUESTION TWO

The general performance on the question was poor. Of the 30 that attempted the question, 11 managed to obtain at least 10 out of the 20 available marks. A pass rate of 36.6% was recorded. The highest score was 16 while the lowest was 0 out of 20.

Question two required candidates explain the way one can move, copy and delete files in file/windows explorer as a computer user. Part (b) required candidates Write a Formula to calculate the total sales in the given cells in the scenario, but only for values greater than K100.The second part (ii) of part (b) required them to write a formula to check if a value in a given cell was greater than 100 and return "Yes" if true, and "No" otherwise.

The common mistakes were:

(a) - Some candidates could not explain correctly how to move, copy and delete files/windows explorer as a computer user. They mixed up the terms.

- Some candidates wrote shortcut ctrl + letter but with the wrong letter with ctrl +

(b)

-Most candidates could not write the excel formula to calculate the total sales correctly.

The wrong answer was presented instead.

-Most candidates could not write the condition formula in excel correctly to check if a value was greater than 100 and failed to state the right condition.

QUESTION THREE

The general performance on the question was very poor. Only 11 of the 62 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 17.7% was recorded. The highest score was 15 while the lowest was 0 out of 20.

This question required candidates to state four (4) disadvantages of using a peer-to-peer

network in an organization. Part (b) required them to state the significance of ERP in modern industries and part (c) required them to discuss three (3) main types of controls that make the control mix and define an Information System in the last part of the question.

The common mistakes that were observed were as follows:

- Most candidates did not state the correct disadvantages of using peer-to-peer networking. Some left it blank, and others presented disadvantages for client/server networking, which is the opposite of peer-to-peer networking.
- Some students could not be state the significance of ERP in modern industries. They did not present the importance of ERP in modern industry.
- Some students did not understand the three main types of controls that make the control mix. Wrong answers were written as controls designed to manage human activities and software activities in order to protect the system.

QUESTION FOUR

The general performance on the question was poor. Of the 83 that attempted the question, only 33 managed to obtain at least 10 out of the available 20 marks. A pass rate of 39.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

In question 4(a) candidates were required to explain five (5) measures that can provide network and communications security. In part (b) candidates were required to explain five (5) ways an information system could contribute to the success of an organization by enhancing aspects of the value chain.

The common errors that were observed were:

(a) Most candidates gave the general security measures and not the specific network and communication security measures
(b) Some candidates did not understand the contribution to the success of an organization by enhancing the aspect of the value chain in business.

QUESTION FIVE

The general performance on the question was very good. Of the 68 that attempted the question, only 49 managed to obtain at least 10 out of the available 20 marks. A pass rate of 72.1% was recorded. The highest score was 17.5 while the lowest was 3.5 out of 20.

Part (a) of this question required candidates to write a memo to inform members of staff about the change in the company's working hours and part (b) required them to explain any three (3) reasons a memo would be appropriate in this situation

The common mistakes that were observed were:

- Failure to include details of the old and the new time working schedule.
- In some cases wrong format was used. Some wrote letters while others presented report which was not supposed to be the case.
- Presentation of wrong content in some memos that were presented as answers.
- Failure to match the content to the scenario given in the question.
- Some candidates included items which were not part of the main agenda such as opening remarks, minutes of the last meeting and matters arising which were not supposed to be the cases.

QUESTION SIX

The general performance on the question was good. Of the 70 that attempted the question, 46 managed to obtain at least 10 out of the available 20 marks. A pass rate of 65.7% was recorded. The highest score was 18 while the lowest was 2 out of 20.

Part (a) required candidates to explain the difference between hearing and listening. Part (b) required them to outline any five (5) factors to be considered before selecting a suitable medium of communication. The last part (c) required them to explain any four (4) types of questions.

The common mistakes that were observed on these questions were:

- Failure to explain the difference between hearing and listening.
- Some candidates wrote on the elements of the communication cycle instead of the factors that affect the choice of communication.
- Some candidates presented the 7C's and the PASS framework which was not supposed to be the same.
- Some candidates presented barriers to communication and scored low grades on this question.
- Other candidates wrote on the flow of communication in an organization which was not supposed to be the case.
- In some cases, factors were mixed up as answers which resulted in low grades.
- Some candidates just listed the factors without any explanation as required in the question.
- Some candidates produced specific questions instead of presenting the types of questions.

QUESTION SEVEN

The general performance on the question was good. Of the 38 that attempted the question, 27 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.1% was recorded. The highest score was 17.5 while the lowest was 4 out of 20.

This question required candidates to Prepare a notice for the meeting which should include three (3) main agenda items and part (b) required them to explain any two (2) differences between a formal meeting and an informal meeting. Part (c) required them to mention any four (4) purposes for holding meetings in an organisation.

The common mistakes that were observed on this question included the following:

- Some candidates omitted the main agenda.
- Using wrong formats.
- Providing general answers as opposed to those aligned with the information the scenario provided.
- Mixing up informal and formal meetings.
- Repetition of answers.

Overall performance of candidates

Highest mark obtained in this paper:	72%
Lowest mark obtained in this paper:	17%
Overall pass rate in this paper:	53.4%

SUBJECT: DA 5 COST ACCOUNTING

QUESTION ONE

The general performance on the question was poor. Of the 85 that attempted the question, 28 managed to obtain at least 10 out of the 20 available marks. A pass rate of 32.9% was recorded.
The bad performance was caused mainly by candidates not covering the whole syllabus when preparing, yet multiple choice questions cover the entire syllabus.

QUESTION TWO

The general performance on the question was poor. Of the 43 that attempted the question, 18 managed to obtain at least 10 out of the 20 available marks. A pass rate of 41.9% was recorded. The highest score was 19.5 while the lowest was 0 out of 20.

This question required candidates to:
(a) Calculate the overhead rate per machine hour and the product cost per unit using the traditional absorption costing (TAC) method
(b) Calculate the activity rates for each cost pool using ABC
(c) Calculate the product cost per unit using the ABC method
(d) Explain the effect of using the traditional and ABC methods on product costs.

Part (a) was well done. The performance in parts (b), (c) and (d) was poor. The low performance here reflects inadequate knowledge of ABC.

The most common mistakes made by the candidates included:

- Producing the same answer as in part (c).
- Failing to compute activity rates for each cost pool.
- Not knowing how to assign overheads to each product.
- Calculating overheads in total instead of per unit.
- Failing to explain the effect of using ABC and the traditional method on product cost.

QUESTION THREE

The general performance on the question was very poor. Of the 58 that attempted the question, only 12 managed to obtain at least 10 out of the available 20 marks. A pass rate of 20.7% was recorded. The highest score was 17 while the lowest was 0 out of 20.

Question Three was the second least popular question in Section B and it had the lowest pass rate.

Candidates were required to:
(a) Prepare the process 1 account;(b) prepare process 2 account;(c) prepare the normal loss account, and (d) explain four (4) features of process costing.

The common errors for those that performed badly included:

- A number of candidates failed to compute the correct overheads figure of K5,880. Some candidates brought in the whole K9,996 under overheads. Others failed to compute the correct price for output and normal loss.
- A number of candidates failed to compute the correct overheads figure of K4,116. Some candidates failed to recognize the input from process 1, 2,300 kgs at K32,200. Some failed to get the value of abnormal gain of 130 kgs at K2,184. Other candidates used the wrong opening balance different from the process 1 output. A number of candidates failed to get the correct value of the 4,000 kgs finished output at K67,200.
- A number of candidates explained the processes in process costing instead of features.

QUESTION FOUR

The general performance on the question was poor. Of the 76 that attempted the question, only 19 managed to obtain at least 10 out of the 20 available marks. A pass rate of 25% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Question Four required candidates to Define cost behaviour and explain the behaviour of elements such as fixed costs, variable costs, stepped costs and semi-variable costs. Candidates were further required to show the double entries in an integrated accounting system for issue of indirect materials, wages paid to direct labour and transfer of finished goods to the warehouse.

The most common mistakes made by the candidates included:

- Explaining cost accounting instead of cost behaviour.
- Failure by a number of candidates to do the following:

    (i) to explain fixed costs, e.g. that fixed costs are those that change at a decreasing rate.
    (ii) to explain variable costs.
    (iii) to explain stepped costs.
    (iv) to give examples of semi-variable costs.

- Some candidates generally only gave the description without examples.
- In part (c), some candidates swapped the entries, debit instead of credit, and vice-versa. There were very few correct double entry postings.

QUESTION FIVE

The general performance on the question was good. 48 of the 76 that attempted the question, managed to obtain at least 10 out of the available 20 marks. A pass rate of 63.2% was recorded. The highest score was 18 while the lowest was 0 out of 20.

Part (a)required candidates to state two reasons why profits differ between marginal and absorption costing.

Challenges faced by candidates included the following:

- The greatest challenge in Part (a) was explaining the conceptual reasons for the difference in profits, rather than performing calculations. Candidates who understood the accounting principles behind the two costing methods generally scored well, while those relying solely on memorized procedures struggled to provide accurate explanations.
- Instead of providing two concise reasons, some candidates wrote lengthy descriptions of marginal and absorption costing without directly answering the question.

Part (b) required candidates to prepare two profit statements using the same data.
The following common mistakes were noted:

Candidates encountered several challenges when preparing the profit statements under marginal and absorption costing:

- Failure to identify closing inventory – Many candidates did not recognize that producing 30,000 units and selling 26,000 units resulted in closing inventory of 4,000 units.
- Incorrect treatment of fixed production overheads – Candidates often failed to distinguish that fixed production overheads are treated as period costs under marginal costing but are included in inventory under absorption costing.
- Errors in calculating the fixed overhead absorption rate – Some candidates used the wrong denominator, others omitted the calculation altogether, leading to incorrect inventory valuations and profits.
- Incorrect inventory valuation – Candidates valued closing inventory incorrectly by either excluding or including fixed production overheads under the wrong costing method.
- Poor presentation of workings – Some Candidates failed to show clear workings, making it difficult to award method marks even where the approach was correct.

QUESTION SIX

The general performance on the question was good. 53 of the 81 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 65.4% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Question Six required candidates to:

(a) To prepare a stores ledger card using the first In First Out (FIFO).
(b) To explain three documents that are used in recording labour costs.

Common errors/mistakes observed included the following:

- Minor misunderstanding of the question asked on some scripts and candidates failed to clearly indicate stores receipts and stores issues, which led to the closing quantities to be wrongly valued.
- Each correct entry was awarded a mark. Candidates that did not show the expected transactions and made short cuts failed to obtain the maximum points.
- Some candidates shunned some parts of the question.
- Some candidates were stating systems instead of documentation, a clear misunderstanding of the question requirement.

Overall performance of candidates

Highest mark obtained in this paper:	73%
Lowest mark obtained in this paper:	02%
Overall pass rate in this paper:	47.1%

SUBJECT: DA6 BUSINESS LAW

QUESTION ONE

The general performance on the question was very good. 37 Of the 50 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 74% was recorded. The highest score was 20 while the lowest was 4 out of 20.

Question overview: This was a compulsory multiple-choice question covering several topics from the syllabus. Candidates generally attempted it well and achieved high scores.

QUESTION TWO

The general performance on the question was fair. 15 of the 29 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 51.7% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was made up of two parts - first part was on social contracts whilst the other was on notice of termination of employment. Most of the candidates were able to answer both parts of the question without issues. The few that had challenges failed to appreciate the fact that the contract in question was a social contract which did not have an intention of creating binding legal relations. In future candidates should be able to read and understand this part of syllabus adequately.

QUESTION THREE

The general performance on the question was fair. 20 of the 41 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 48.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question was on types of precedents and ways by which an offer can be terminated. A good number of candidates were able to define what a judicial precedent was but failed to mention or explain the two types of precedents (binding and persuasive).

QUESTION FOUR

The general performance on the question was poor. Of the 42 that attempted the question, only 18 managed to obtain at least 10 out of the 20 available marks. A pass rate of 42.9% was recorded. The highest score was 20 while the lowest was 3 out of 20.

In this question, students were asked to:
(a) Advise on the contract of sale.
(b) Explain the meaning of Partnership.

QUESTION FIVE

The general performance on the question was good. Of the 38 that attempted the question, 25 managed to obtain at least 10 out of the 20 available marks. A pass rate of 65.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

Candidates were able to explain the facts and principles in the carbolic smoke ball case. However, some of the candidates could not articulate the responses in part B on the principles of the law agency.

QUESTION SIX

The general performance on the question was fair. Of the 46 that attempted the question, 23 managed to obtain at least 10 out of the 20 marks available. A pass rate of 50% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had two parts and was an optional question the first part required the candidate to identify and explain the ways in which a partnership can be dissolved. Most of the candidates who attempted this question were able to identify and explain the ways in which a partnership can be dissolved. The candidates appear to have understood what was required of them and answered the question adequately.

Part (b) the candidates were required to list five defenses in tort. candidates were able to adequately answer the question and list at least 3 defenses and explain them adequately.

Overall performance of candidates

Highest mark obtained in this paper:	90%
Lowest mark obtained in this paper:	21%
Overall pass rate in this paper:	58%

SUBJECT: DA 7 PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on the question was excellent. 61 of the 67 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 91% was recorded. The highest score was 18 while the lowest was 4 out of 20.

This question was compulsory multiple choice and examined all the learning outcomes of the manual in DA 7 Principles of Management.

QUESTION TWO

The general performance on the question was good. Of the 48 that attempted the question, 30 managed to obtain at least 10 out of the available 20 marks. A pass rate of 62.5% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was divided into two (2) parts; (a) and (b). Part (a) candidates were asked to explain the factors that influence change of business organisations. All candidates who understood this part of the question answered it very well and scored good marks. A few candidates struggled to explain the triggers of change.

Part (b) the candidates were required to discuss the nature of corporate strategy. This part of the question was well answered by many candidates.

QUESTION THREE

The general performance on the question was good. Of the 53 that attempted the question, 28 managed to obtain at least 10 out of the available 20 marks. A pass rate of 52.8% was recorded. The highest score was 20 while the lowest was 0 out of 20.

The question had four (4) parts; part (a), (b), (c) and (d). Part (a) had two (2) sub-points and required candidates to explain the use of job description and job specification in the recruitment process. The candidates demonstrated a lack of understanding of the two documents in recruitment, and this costed the candidates marks.

Part (b) required candidates to outline three (3) stages of the recruitment and selection process. Many candidates got it wrong by stating that advertising is the first step in the process. This was due to lack of understanding of the meaning of job description and job specification which are elements of job analysis.

Part (c) required candidates to state one (1) reason that causes ineffective recruitment and selection. This part of the question was well answered as candidates had many reasons to pick from.

Part (d) required candidates to state any four (4) qualities of a transformational leader. Many candidates had difficulties stating the qualities of a transformational leader due to lack of understanding of the meaning of a "transformational leader". They brought out general qualities of a good leader.

QUESTION FOUR

The general performance on the question was good. Of the 59 that attempted the question, 42 managed to obtain at least 10 out of the available 20 marks. A pass rate of 71.2% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question had four (4) parts; part (a), (b), (c) and (d). In part (a) candidates were expected to explain the three (3) main levels of strategy. The candidates answered this part very well.

Part (b) candidates were required to define the term mission statement. Most candidates managed the define the term correctly.

Part (c) candidates were asked to explain the meaning of Human Resource Management. Many candidates had difficulties explaining the meaning of human resource management. Some candidates simply wrote that it means workers or employees.

Part (d) required candidates to outline three (3) advantages and three (3) disadvantages of public sector organisations. This part was well answered by majority of the candidates.

QUESTION FIVE

The general performance on the question was fair. 29 of the 64 that attempted the question managed to obtain at least 10 out of the available 20 marks. A pass rate of 45.3% was recorded. The highest score was 20 while the lowest was 0 out of 20.

This question was divided into three (3) parts; part (a), (b) and (c). Part (a) required candidates to explain the term stakeholder and state any four (4) connected stakeholders. Some candidates gave the correct term of stakeholders and examples of connected stakeholders, while others defined stakeholders correctly but had difficulties giving correct examples of connected stakeholders.

Part (b) candidates were required to explain public sector organisations and giving any three (3) advantages and three (3) disadvantages. Many candidates gave advantages and disadvantages of public limited companies. In some cases, candidates just explained the features public sector organisations and just the objective of not for profit.

Part (c) required candidates to state any two (2) benefits of training to organisations. This part of the question was well answered by many candidates.

QUESTION SIX

The general performance on the question was good. Of the 40 that attempted the question, 21 managed to obtain at least 10 out of the 20 available marks. A pass rate of 52.5% was recorded. The highest score was 18 while the lowest was 0 out of 20.

This question was divided into three (3) parts; part (a), (b) and (c). Part (a) required candidates to identify the problem in the organisation that is making employees behave in a negative manner. Many candidates got this part of the question right as they were able to get ideas from the scenario presented.

Part (b) required candidates to explain the behaviours exhibited employees who feel unfairly treated using Stacy Adam's Equity Theory. Many candidates failed to explain the behaviours because they did not understand what the Equity theory state. It is recommended that candidates be exposed to all theories of motivation prescribed in the DA7 Manual.

Part (c) required candidates to discuss any five (5) features that managers should consider in using participation as a motivator. This part of the question was fairly answered.

There is need to expose candidates to all business models, frameworks and theories in the DA7 Manual.

Overall performance of candidates

Highest mark obtained in this paper:	78%
Lowest mark obtained in this paper:	13%
Overall pass rate in this paper:	67.2%

SUBJECT: DA 8 FINANCIAL REPORTING

QUESTION ONE

The general performance on this question was good. 85 of the 137 candidates that attempted the question managed to obtain at least 13 and above marks out of 25. A pass rate of 62% was recorded. The lowest mark recorded was 0 while the highest was 24.

The general performance on this question was not as good as recent past years. It was the only question with 100% attempt of the two compulsory questions.

This was a compulsory question that had one requirement of preparing the consolidated statement of financial position for the Apple Plc Group as at 31 March 2026.

The question was fairly attempted by most candidates. Most candidates demonstrated a good understanding of the fundamental principles of consolidation by correctly identifying the subsidiary and the associate and recognizing that an associate should not be fully consolidated but accounted for using the equity method.

- Some common mistakes observed were as follows:

- A significant number of candidates experienced difficulties in calculating post-acquisition profits of both subsidiary and associate, which consequently affected the computation of group retained earnings and the carrying amount of the investment in the associate.
- In addition, many candidates struggled with the calculation of goodwill, particularly in determining the correct net assets at the acquisition date and the subsequent goodwill computation.
- A handful of candidates could not correctly ascertain additional share capital and share premium for Apple arising from its purchase consideration for Fleegal. This was because of misapplication of the share price to use and miscalculation of number of shares bought.
- Some candidates showed ignorance of the consolidation process and especially consolidated statement of financial position as they added all three companies' assets and liabilities and equity.
- Some items could not be correctly posted to main statement but ended in workings only. For example, carrying amount of investment in associate and deferred consideration.
- Few candidates applied the % interest the parent had in subsidiary and associate on their assets and liabilities and consolidated them that way.
- Most candidates did not know the accounting for cash in transit in the consolidated statement of financial position. Some were adding to receivables and subtracting from cash, with the majority not doing anything at all. Further, a handful of candidates were adding unrealized profit to inventory instead of subtracting.
- Few candidates failed to duplicate the figures that did not require any amendment onto the consolidated financial statements for easy marks.
- Failure to follow recommended presentation of putting figures in brackets to maximize on achieving high marks also had a detrimental effect on the victims that exercised the practice as their totals that were incorrect could not be allocated proportionate

marks for components unknown. Future candidates are seriously reminded to utilize this technique to maximize on the marks they earn.

- Future candidates are reminded to read through examiners' reports of previous examinations to learn about common mistakes by past candidates. This helps candidates pay particular attention to problematic areas common to all.
- Finally, few candidates ended their answer on workings, and nothing was posted to the consolidated statement of financial position. This seriously disadvantaged the candidates as a question like this gives candidates lots of marks that are straight from the question.
- In most cases, candidates could not realize that the post-acquisition period was a period of six (6) months and hence did not proportionate fair value depreciation and unwinding of the discounts.

QUESTION TWO

The general performance on this question was very poor. Only 3 of the 122 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 2.5% was recorded. The lowest mark recorded was 0 while the highest was 16.

This was a compulsory question that had three (3) parts. Part (a) of this question required candidates to prepare a schedule of adjustments to retained earnings.

Part (b) of this question required candidates to prepare a revised statement of financial position while part (c) required them to outline possible indicators of impairment of assets according to IAS 36.

The question was poorly attempted. Candidates calculated amounts and treated them in a manner that exposed lack of logical understanding of accounting and double entry. The following were common mistakes:

- Issue costs for loan notes of K125,000 were subtracted from the retained earnings, instead of adding back and added to the principal amount of the loan instead of deducting it from the loan amount.
- Calculation of depreciation did not take into account the disposal in the year, and neither did it take into account the fact that revaluation was done half way through the year.
- Some candidates subtracted the amount of unwinding of interest instead of adding it to the provision for environmental liability.
- All candidates without exception did not calculate the deferred tax in full because they could not identify the movements in the assets and liabilities that gave rise to deductible timing differences and the consequential deferred tax liability. The deferred tax liability to report in the statement of financial position was therefore incorrect for all.
- The other shortcoming was a few candidates that did not show any workings for this question and opted to do workings on calculator and transfer from calculator to final answer. Such candidates would not be anywhere near to passing the exam as most marks are achieved through workings that are also well referenced.
- Future candidates are reminded that the workings for this type of a question are an important aspect of the success story.

QUESTION THREE

The general performance on this question was very poor. Only 2 of the 48 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 4.2% was recorded. The lowest mark recorded was 0 while the highest was 14.

The question was divided into four (4) parts and assessed students' understanding of several International Financial Reporting Standards (IFRS):

The question required candidates to give advice to the Finance Manager of Kaleya Ltd on accounting treatment in financial statements of four scenarios that required reporting.

Scenario (a)

The company had acquired shares in a supplier of raw material. The company had no intention of trading in the shares but had incurred issue costs. The fair value of the shares at the end of the year was provided. Many correctly calculated the amounts involved but discussed the shares bought generally and classified them as investments or liabilities (wrongly). Few candidates, if any referred to IFRS 9, stating the correct classifications of FVTOCI. Further, the dividend that was to be paid was wrongly described as an expense by some candidates, instead of it being an income, having arisen on an asset investment. The question requirements included the need to state exceptions such as when an irrevocable election must be made

Scenario (b)

The company had three segments. Results for the year were given for each segment. Candidates were expected to identify reportable segments, considering rules contained in IFRS 8 Operating Segments. Several candidates classified segments based on the absolute figures given in the questions. They were unable to calculate the percentages required by IFRS 8. The candidates could not demonstrate knowledge of the specific criteria in the standard to be met before a segment can be classified as reportable.

Scenario (c)

The company sold a piece of equipment under a package including repairs and maintenance. Candidates were required to apply provisions of IFRS 15 to identify performance obligations and determine the amounts of revenue to report in the year under review. Several candidates outlined the five steps that are required to be satisfied before revenue can be recognized. They failed to apply the principles to the scenario at hand. Some candidates stated the full original prices as revenue, instead of calculating amounts that are proportionately reduced according to the performance obligations met.

Scenario (d)

Candidates were required to explain how the accounting would be done in the books of Kaleya Ltd who had just began leasing property on a 10 year period. The company had paid initial direct costs when arranging for the lease. The present value of future payments was given and the annual rate of interest implicit in the lease was given as 10%. Several candidates correctly calculated the initial valuation of the lease liability and the ROUA. They also calculated the amount of interest to charge as an expense on the lease, and the amount of depreciation on the initial cost of the ROUA. Common mistakes included subtracting the initial cost instead of adding it to the initial amount of the ROUA before calculating depreciation for the year. The candidates correctly identified the amounts to report on the statement of profit or loss as an expense and amounts to report on the statement of financial position as an asset.

QUESTION FOUR

The general performance on this question was very poor. Only 7 of the 87 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 8% was recorded. The lowest mark recorded was 0 while the highest was 18.

The question focused on various international financial reporting standards. Candidates were required to explain the effect of transactions in the financial statements of five different clients of an auditing firm, MM Consultants. The following were the specific transactions for each client

Mupeta Co
The transaction involved valuation of inventory that included damaged items, generally sold at a markup of 20% but be sold at a discount of 30%. Candidates managed to calculate the reduction in the inventory but did not express that the reduction in inventory would create an expense, thus increasing the cost of sales and reducing profit for the period.

Kalilile Co
The transaction required accounting for a machine acquired on a lease basis. The question included the initial deposit, the effective rate of interest, the discounted amount of future cash payments and a period of 5 years. Candidates discounted the future cash flows, when in fact the question had given an already discounted amount to be used as initial measurement.

Mulele Co
The transaction required candidates to explain the tax implications of a revaluation surplus concerning property, given opening balances of current tax and deferred tax liabilities, an over-provision of current tax at the start of the year and a total of timing differences on which to calculate deferred tax at the rate of 25%. Candidates tax account balances with timing differences without showing the amounts to add and amounts to net, depending on whether they were on the same side of an account or on opposite sides. In some cases, amounts were netted when they should have been added, indicating that the candidate merely learned by memorizing, instead of logically explaining the effect in the context of perfectly prepared T-accounts applying the rule of double entry but presenting information in the logical descriptions.

Mponda Co
The transaction required candidates to explain the financial effect of issue costs and a redeemable loan note issued at a coupon rate of 6% and had an effective rate of interest of 8%. The loan would be redeemed after 3 years. The common mistake candidates made on this part of the question was to add issue costs instead of subtracting them from the nominal value of the loan note. Most of the calculation of the amounts to report in the financial statements as a liability would have been correct had it not been for the mis treatment of issue costs.

Musenge Co

The transaction involved a sale of property on terms that included a repurchase of it after 3 years, at amount that would include interest at the rate of 4%, and a restriction as to the use without permission of the seller. Majority of candidates stated that the sale had taken place and the lessee would be the one to account for the assets in their books, while the lessor would account for revenue and profit on the sale. This conclusion was incorrect because the question stated that risks and rewards associated with the asset had remained with the lessor or the seller. For this reason, the transaction was in substance a borrowing on the security of the asset. The increase from the initial amount to the repurchase price is therefore interest on the borrowing. Few candidates correctly explained the transaction applying principle of the substance of transaction and rules in the IFRS 15 standard.

QUESTION FIVE

The general performance on this question was good. 58 of the 106 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 54.7% was recorded. The lowest mark recorded was 0 while the highest was 25.

This question had two parts:

Part (a) of the question required students to calculate a range of financial ratios for two separate entities. Overall, performance was below expectation, as many candidates demonstrated weaknesses in applying the correct formulae, selecting the appropriate figures from the financial statements, and interpreting the requirements of each ratio. The key weaknesses observed were as follows:

- A significant number of students had difficulty calculating the operating profit margin. In many cases, candidates used an incorrect operating profit figure by excluding other investment income, resulting in inaccurate margins. This indicated a weakness in identifying the correct profit figure to be used in the numerator.
- The inventory turnover ratio was also poorly attempted. Many students calculated inventory days instead of inventory turnover, showing confusion between two different efficiency ratios. In addition, some candidates did not understand the use of average inventory and incorrectly divided the inventory figure by two, rather than calculating the average using opening and closing inventory balances where applicable.
- Receivables days were frequently calculated using the wrong denominator. Some students used cost of sales instead of revenue, which led to incorrect results. This was a common error and suggested limited understanding that receivables arise from credit sales and should therefore be related to revenue.
- The gearing ratio presented a challenge to most students. Several candidates applied the current ratio formula instead of the gearing formula, demonstrating a lack of understanding of the distinction between liquidity ratios and capital structure ratios.
- Some students struggled with the quick ratio, particularly in identifying the correct current asset components to include and excluding inventory from the calculation. This reflected inadequate knowledge of the formula and the purpose of the quick ratio as a measure of short-term liquidity.

- A few candidates transposed the formulae for payables days and receivables days. For example, some used receivables over cost of sales and payables over revenue, instead of matching receivables to revenue and payables to cost of sales. This resulted in inaccurate calculations and showed weak understanding of the relationship between the statement of financial position and the statement of profit or loss figures.
- Some students combined the figures for the two companies and calculated one set of ratios instead of computing separate ratios for each entity. This showed that candidates did not fully appreciate the comparative nature of the question and the need to analyze each company independently before drawing conclusions.

Part (b) of the question required candidates to prepare a structured report analyzing the performance and financial position of each company. Candidates were expected to use the ratios calculated in Part (a), together with the companies' past performance and planned strategies, to assess their current position and comment on prospects for future improvement.

- Many students demonstrated inadequate knowledge of the appropriate report format. Some responses lacked key elements such as a title, introduction, clear headings, analysis by company, conclusion, and recommendations. As a result, their answers were poorly structured and did not present the analysis in a professional manner expected of a report.
- A few students merely stated whether figures or ratios had increased or decreased without explaining the underlying causes or linking the movements to the main performance drivers. For example, they did not sufficiently relate to changes in profitability, liquidity, efficiency, or gearing to factors such as revenue growth, cost control, inventory management, receivables collection, financing structure, or management's planned strategies. This limited the depth of their analysis and weakened the quality of their conclusions.

Overall performance of candidates

Highest mark obtained in this paper:	64%
Lowest mark obtained in this paper:	3%
Overall pass rate in this paper:	23%

SUBJECT: DA 9 MANAGEMENT ACCOUNTING

QUESTION ONE

The general performance on this question was poor. Only 39 of the 109 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 35.8% was recorded. The lowest mark recorded was 0.5 while the highest was 22.

This question required candidates to:

(a) (i) sales price planning variance.
 (ii) sales price operational variance.

(b) (i) direct materials total usage variance.
 (ii) materials mix and yield variances.
 (iii) variable overhead expenditure and efficiency variances.
 (iv) prepare the cost card for 60,000 units.

The performance was generally poor and disappointing. Some candidates did not answer the question in full.

The most common mistakes made by candidates who performed badly on this question included:

(a) (i) and (ii): Some candidates failed to calculate sales planning and operating variances correctly. These variances are calculated by comparing revised with budgeted sales prices (planning); and revised with actual prices(operating)

(b) A number of candidates had challenges with part (b):
 (i) Failing to indicate whether a variance is favourable or unfavourable.
 (ii) Not making use of the actual production of 60,000 units in calculating the materials usage variance.
 (iii) Some candidates left out the materials yield variance.
 (iv) Some candidates used K30 per unit as variable overhead rate instead of K20 per hour in calculating the variable overhead efficiency variance.
 (v) Most of the candidates failed to prepare the standard cost card.
 (vi) Failing to attempt the compulsory question.

QUESTION TWO

The general performance on this question was poor. Only 43 of the 110 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 39.1% was recorded. The lowest mark recorded was 0 while the highest was 21.

This question required candidates to:

(a) Prepare a report that discusses three alternative pricing strategies.

(b) Calculate the BEP, the margin of safety (MOS), how many tickets to realise a target profit and to explain the limitations of cost- volume- profit (CVP) analysis.

Most candidates failed to demonstrate the basic knowledge of the report format and poorly communicate the pricing strategies of a high-tech new printer.

The good performance in part (b) redeemed a lot of candidates.

The most common mistakes made by the candidates included:

- Failing to produce the answer in a report format as required by the question. Easy marks were lost here.
- Giving pricing strategies which did not relate to the scenario of a new High-Tec printer. e.g. product bundling and psychological pricing. Although these are also pricing strategies, they are not suitable for new High-Tec products.
- Writing on cost-based pricing methods such as full and marginal cost plus.
- For poorer candidates, not knowing the formulae for BEP, MOS and formulae to achieve a target profit.
- Giving the disadvantages of CVP instead of the limitations of CVP.

QUESTION THREE

The general performance on this question was very good. 83 of the 104 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 79.8% was recorded. The lowest mark recorded was 1 while the highest was 25.

Performance was very good; demonstrating that most of the candidates understood the topic.

This question required candidates to:

(a) Explain the principal budget factor.
(b) Prepare the following budgets: sales, production, materials usage, materials purchases and labour.

- Emphasis on solid knowledge and computational skills are very important to this particular ZICA program as a rider to the next stage.

The most common mistakes made by the candidates included:

- Candidates failed to correctly interpret the question asked and state budget factor as required.
- Some candidate mixed up the components of materials usage budget by aggregating material usage data department-wise instead of material usage by product-wise.
- Use of wrongly computed amount for direct labour budget calculation.
- Wrong hour rates and wrong wage rates used by candidates.
- Mis-application of rates and price units by some candidates.

- However, several candidates who had solid basic understanding managed to workout correct solutions.

QUESTION FOUR

The general performance on this question was good. 51 of the 102 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 50% was recorded. The lowest mark recorded was 0 while the highest was 23.5.

This question required candidates to:

(a) Calculate contribution per bottleneck hour
This required:

- Calculating contribution per unit; dividing by bottleneck hours per unit; ranking the products.

Challenges faced by candidates:

- Failure to identify the limiting factor – Many candidates did not recognize that the bottleneck (limited production hours) was the scarce resource on which the analysis should be based
- Incorrect calculation of contribution per unit – Some candidates incorrectly included fixed production overheads in the contribution calculation instead of deducting only variable costs from the selling price.
- Weak understanding of limiting factor analysis – Many candidates knew the formula but did not understand that products should be prioritized based on contribution earned per unit of the scarce resource, not contribution per unit.
- Poor presentation of workings – Some candidates omitted clear workings, making it difficult to award method marks where the final answer was incorrect.

(b) Calculate throughput return per bottleneck hour was the requirement.

Candidates needed to understand Throughput Accounting, where:

- Direct material is treated as the only truly variable cost.
- Labour and overheads are regarded as operating expenses.

Challenges faced by candidates:

- Confusing throughput accounting with marginal costing – Many candidates incorrectly deducted all variable costs instead of treating direct material as the only variable cost in the throughput calculation.
- Incorrect calculation of throughput contribution – Some candidates failed to compute throughput correctly by using the formula: Throughput = Selling Price – Direct Material Cost.
- Failure to calculate throughput per bottleneck hour – Candidates often calculated throughput per unit but did not divide it by the bottleneck hours required per unit.

(c) Was about determining the optimal production plan and the maximum profit using throughput accounting.

What the examiner expected candidates to do:

- Allocate the limited bottleneck hours (3,075 hours) to the product with the highest throughput return first.
- Take account of the maximum demand constraint, ensuring production did not exceed the maximum market demand for each product.
- Calculate the total throughput and maximum profit by deducting operating expenses (labour, overheads and other operating costs) from the total throughput.

Challenges faced by most candidates that attempted the question:

- Ignoring the maximum demand constraint – Some candidates produced quantities in excess of the maximum market demand, failing to recognize that production should be limited by both capacity and demand.
- Poor integration of earlier parts – Part (c) depended on the calculations and rankings from Part (b). Errors made earlier were carried forward, leading to incorrect production plans and profit figures.

(d) Was a theory question that required candidates to explain four differences between financial accounting and management accounting.

The examiner wanted to assess candidates' understanding of the distinct roles and characteristics of the two branches of accounting. Candidates were expected to compare them in terms of their purpose, users, and reporting requirements.

Challenges faced by most candidates that attempted the question:

- Providing definitions instead of differences – Instead of comparing financial accounting with management accounting, some candidates merely defined each term, failing to answer the requirement.
- Repetition of the same point – Some candidates repeated similar differences using different wording, limiting the number of valid points they earned.

QUESTION FIVE

The general performance on this question was extremely poor. None of the 13 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 0% was recorded. The lowest mark recorded was 1 while the highest was 10.75.

No candidate passed this question. It was the least popular question in Section B.
Performance was extremely poor.

This question examined candidates' knowledge of working capital and candidates were required to:

(a) Calculate the annual cost of the current ordering policy; the annual cost saving if the economic order quantity model is used and explain the advantages and disadvantages of using the just-in-time inventory management systems.

(b) To explain the four key factors which determines the level of investment in current assets; calculate the net working capital under the existing and new policy; and compute the change in the company's working capital financing if the new policy is implemented.

Common errors/ mistakes made included the following:

- Lack of adequate understanding of the question set.
- Some candidates shunned some parts of the question.
- Some candidates showed poor computational skills.
- Some candidates failed to state and explain properly what determines levels of investment in current assets.

Overall performance of candidates

Highest mark obtained in this paper:	79%
Lowest mark obtained in this paper:	13%
Overall pass rate in this paper:	60.4%

SUBJECT: DA 10 TAXATION

QUESTION ONE

The general performance on this question was excellent. 45 of the 55 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 81.8% was recorded. The lowest mark recorded was 3 while the highest was 22.5.

This had question had three (3) parts.
In part (a) candidates were required to calculate the amount of capital allowances claimable by Evergreen Plc for the tax year 2026.
Common mistakes noted.

- Some candidates were unable to apply the correct capital allowance rate of 100% on farming equipment, tractor, irrigation equipment and water conservation.
- Some candidates failed to restrict the dwelling house for farm workers to K100,000 per house
- Some candidates eventually failed to correctly sum, up the total capital allowance and lost the vital marks

In part (b) candidates were required to Calculate Evergreen Plc's tax adjusted business profits for the tax year 2026.

Common mistakes noted.

- Some candidates failed to restrict the gift of evergreen diaries to K100 per diary this should have been restricted and the difference disallowed.
- Some candidates' inability to disallow the 37% of the annual salary of the finance director.
- Some candidates' failed to disallow the correct car benefits of the finance director and farm manager according to engine capacity of the vehicles
- Misapplication of the disallowable expenses which led to wrong computation of the taxable business profit

In part (c) candidates were required Calculate the amount of income tax payable by Evergreen Plc for the tax year 2026.

Common mistakes noted.

- Some candidates failed to correctly gross up the Bank and royalties' income and to add them up to the adjusted business profit. This may be attributed to lack of competences on the part of candidates.
- A number of candidates failed to separate the incomes into; farming income and non-farming income.
- Failure by some candidates to apply the correct income tax rate by deducting the 2% discount for LUSE registration in the first year. This applied to both the farming and non-farming incomes
- Wrong computation of the income tax payable by a good number of candidates.

QUESTION TWO

The general performance on this question was good. 33 of the 55 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 60% was recorded. The lowest mark recorded was 2.5 while the highest was 22.5.

This question had two (2) parts, (a) and (b).
In part (a) had two parts (i) and (ii)
In part (i) candidates were required to explain how any three (3) fundamental principles of the IFAC code of ethics for professional accountants apply in the provision of tax services.

Common mistakes noted included the following:

- Some candidates literally failed to explain any of the three principles accordingly. They were merely explaining wild and non- coherent statements not worthy any marks.
- Some candidates failed to define and give clear meaning of say integrity and objectivity.

In part (ii) candidates were required to explain the difference between tax avoidance and tax evasion.
Common mistakes noted

- Some candidates failed to define Tax avoidance and Tax evasion.
- Some candidates failed to draw a distinction between tax avoidance and tax evasion and could not even give the tax consequences of these to activities. Soft marks were lost

In part (b) candidates were required to calculate the amount of income tax payable by Daka for the tax year 2026. You should indicate using a zero (0), any employment benefits received by Daka, which are exempt from tax.

Common mistakes noted were as follows:

- Some candidates literally failed to apportion the timeframe employment of Daka which was a critical element of the question.
- Some candidates failed as result of not correct apportionment of time to compute the salary, housing allowance, transport allowance and general purpose allowance.
- Certain candidates failed to correct compute the Royalties figure by not grossing it up.
- Eventually a good number of candidates failed to correctly compute the income tax payable by Daka because of wrong computation and application of expenses and incomes.

QUESTION THREE

The general performance on this question was good. 28 of the 47 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 59.6% was recorded. The lowest mark recorded was 3.5 while the highest was 19.5.

This question had two (2) parts; (a) and (b). In part (a) candidates were required to state any five (5) responsibilities of the Zambia Revenue Authority (ZRA) as outlined in the ZRA Act.

Common mistakes noted included the following:

- Some candidates failed to state the any of the five responsibilities of ZRA. They ending up stating the duties of say customs officers and lost the vital marks.
- Some of the candidates stated off the mark responsibilities not anywhere nearer to those acceptable responsibilities.

Part (b) had two parts; (i) and (ii). In part (i) candidates were required to calculate the taxable business profit for the year ended 31 December 2026.

Common mistakes noted included the following:

- Generally, some candidates failed disallow the correct expenses to the net profit.
- Some candidates failed to correctly compute the difference in salary and the motor vehicle running costs. This may be attributed to lack of right application by some candidates
- Some candidates failed to compute the correct amount of goods withdrawn

In part (ii) candidates were required to calculate the amount of income tax payable by Ngulube for the year ended 31 December 2026.

Common mistakes noted were as follows:

- Certain candidates failed to correctly gross up and compute the Consultancy and Royalties income.
- Eventually some candidates failed to correctly compute the income tax payable by Ngulube as a result of wrong computation of withholding tax on consultancy and royalties.

QUESTION FOUR

The general performance on this question was good. 12 of the 22 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 54.5% was recorded. The lowest mark recorded was 2 while the highest was 21.

This question had three parts (3); (a), (b) and (c). In part (a) candidates were required to State any six (6) persons who are excluded from paying turnover tax. Some candidates failed to appropriate state persons excluded from paying turnover tax. They provided wild and inappropriate statements that did not warrant any marks.

In part (b) candidates were required to calculate the amount of presumptive tax payable by Tandeo for the tax year 2026. Some candidates failed to correctly compute the presumptive taxes due because of wrong application of seating capacity range or tax per quarter or per annum.

Part (c) had two parts (i) and (ii) In part (i) candidates were required to State three (3) transactions that are exempted from property transfer tax. Certain candidates failed to rightfully state the transaction exempted from PTT.

In part (ii) candidates were required to explain the property transfer tax implications of each of the above transactions entered into by Bruce. Your answer should include a computation of the amount of property transfer tax payable on each transaction where applicable.

Common mistakes noted included the following:

- Some candidates failed to recognize that PTT is only payable by a seller of the property as such no PTT WAS TO BE PAID BY Bruce by buying ab farm land in Chongwe
- Certain candidates failed to that no PTT is charged on movable properties such as motor vehicles. This showed lack of knowledge on their part as regards PTT
- Application of PTT on disposal value on shares listed on LUSE. These are exempted from PTT
- Some candidates failed to acknowledge that when there is a consideration paid by an immediate family member, the consideration amount paid is subject to PTT

QUESTION FIVE

The general performance on this question was poor. Only 13 of the 41 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 31.7% was recorded. The lowest mark recorded was 5 while the highest was 19.

This question had two parts (a) and (b). Part (a) had two parts; (i) and (ii). In part (i) candidates were required to explain the conditions that must be met for the transaction value to be used to determine the value of imported goods for customs duty purposes. Some of the candidates failed to explain the correct conditions as per question requirement.

In part (ii) candidates were required to Calculate the total import taxes paid by Don on the importation of the motor vehicle. Candidates lost marks due to wrong application of the customs and excise duty rates by some candidates. There was also inclusion of transport costs of US$ from Kazungula to Lusaka by some candidates which should not have been the case.

Part (b) had two parts (i) and (ii). In part (i) candidates were required to Calculate the amount of VAT payable/refundable by Mitch Ltd for the month of May 2026. You should indicate using a zero (0), all items on which VAT is not chargeable or irrecoverable.

Common mistakes noted included the following:

- Some of the candidates failed to correctly compute the standard sales by applying the wrong apportionment and VAT rate
- Certain candidates applied a wrong VAT rate instead of 4/29 and lost some marks
- Some candidates failed to correctly compute the INPUT VAT on diesel as they failed to apportion the 90% only
- Wrong computation was made by some candidates especially on bad debt write off and purchase of delivery truck there seem to be a lack of in depth understating and application of knowledge on VAT computation

In part (ii) candidates were required to state the due date for payment of the VAT you have computed above and the consequences of paying the VAT late. Some candidates failed to state the correct applicable penalty charge and interest for late payment of VAT

Overall performance of candidates

Highest mark obtained in this paper:	78%
Lowest mark obtained in this paper:	23%
Overall pass rate in this paper:	74.6%

SUBJECT: DA 11 PRINCIPLES OF AUDITING

QUESTION ONE

The general performance on this question was very poor. Only 7 of the 130 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 5.4% was recorded. The lowest mark recorded was 0 while the highest was 23.

Part (a)

(i) This part of the question required candidates to explain eh difference between fraud and error. This was a simple knowledge based question in which well-prepared candidates should have scored maximum marks. Some students even failed to explain the meaning of fraud and gave answers that are clearly incorrect such as the following:

(ii) This part of the question required candidates to explain responsibilities of the auditors regarding fraud and error in an audit. This is a knowledge based question and knowledge of the provision of ISA 240 *The auditor's responsibilities relating to fraud in an audit of financial statements* was necessary to answer the question satisfactorily.

The following observations were made:

- There were candidates who explained that auditors are expected to ensure that they prevent fraud and errors which is a responsibility of management.
- Other candidates who wrongly explained that auditors have no responsibility and that they are responsible for correcting errors which is contradictory and wrong.
- Some candidates explained that auditors need to confirm opening balances and that receipts have to be reviewed which did not appear to be addressing the question requirements.

Part (b)

This part of the question required candidates to describe substantive audit procedures the auditor should perform to confirm receivable's balances. The performance was poor with a majority of candidates scoring less than half the available marks.

The following observations were made:

- A sizeable number of candidates could not suggest the required five substantive procedures resulting in the loss of easy marks.
- A significant number of candidates simply stated methods of obtaining evidence such as recalculation with no further explanations. Audit procedures require to explain how the method of obtaining evidence will be used in designing appropriate audit procedures.
- Explaining that auditors require to compare previous receivables and current receivables. This does not confirm the current year receivable's balance and the two balances need not be the same.
- Explaining that auditors need to recalculate the cash book balance and compare with the bank statement – not clear what this means and is not an appropriate procedure for receivables balances.

- Surprisingly there were candidates who simply stated financial statement assertions without explaining the procedures to test those assertions which was the question requirement.

Part (c)

(i) This part of the question required candidates to explain the accounting for subsequent event in Dambo Co and to explain the impact on the report if the matter is not resolved. Knowledge of the provisions of IAs 10 *Events after the reporting period* and ISA 560 *Subsequent events* provide guidance in this area. The following observations were made:

- There were many candidates who explained that auditors have a duty to actively perform audit procedures after the period end which is correct but they concluded that there will be a need to adjust the financial statements which is incorrect.
- Some candidates explained that auditors should verify whether the inventory was recorded at the lower of cost and net realizable value. Candidates are reminded that indeed valuation of inventory is one of the audit procedures required to be undertaken but the main focus of the question here is with regards inventory that was burnt.
- A majority of the candidates did not address the second part of the question requirement on the impact on the audit report if the matter remained not resolved. Candidates should ensure that they address all question requirements to earn maximum marks.

(ii) This part of the question required candidates to explain the management and auditor assessments of Kabwe Co and explain the impact on the audit opinion if the matter is not resolved. Provisions of ISA 570(Revised) *Going concern* should have helped candidates answer this question.

The following observations should be made:

- There were many candidates who explained going concern indicators in general without making reference to the fact that management concluded that the company is a going concern despite the going concern indicators.
- There were many candidates that simply suggested that the auditors should issue a qualified audit opinion with no supporting arguments for doing so.
- Many candidates did not address the second part of the question which required the impact on the audit report if the issues relating to going concern remained not resolved.

Part (d)

This part of the question required candidates to explain five audit procedures that auditors should perform regarding subsequent events between the reporting date and the date of the audit report is signed. This is a knowledge-based question which required clear understanding of the provisions of ISA 560 *Subsequent events.*

The following observations were made:

- Most candidates explained that auditors need to review inventory in accordance with IAS 2 and that auditors need to inspect assets both of which do not address the question requirements. The auditors have specific duties to perform between these dates as guided by the auditing standard.
- Several students incorrectly concluded that auditors have no responsibility and that all they need to do is to verify whether the event is an adjusting or non-adjusting event which is contradictory after saying the auditors have no responsibilities.

QUESTION TWO

The general performance on this question was very poor. Only 12 of the 129 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 9.3% was recorded. The lowest mark recorded was 0 while the highest was 22.

Some candidates did not attempt the compulsory question contrary to clear instructions that the two questions in Section A are compulsory and must be attempted.

Part (a)

This part of the question required candidates to explain four situations where professional skepticism will be required during the audit of Bino Paints Ltd

The following observations were made:

- There were candidates who explained the meaning of professional skepticism which did not address the question requirement and no marks were awarded for doing so.
- There were candidates that focused on fraud alone notwithstanding that the question required an explanation of four situations when professional skepticism could be used.

Part (b)

This part of the question required candidates to explain audit risks in the audit of the financial statements of Bino Paints Ltd and to suggest suitable responses for each risk. It was clear that many candidates could not explain audit risks in the scenario with a majority failing to provide suitable audit responses to the risks explained.

The following observations were made:

- A significant number of candidates were able to identify the risks by simply stating them without explaining why they are considered audit risks. When explaining audit risks, candidates are expected to explain the assertions that will be impacted by the audit risks explained.
- Surprisingly there were candidates who explained the elements of audit risk of inherent risk, control risk and detection risk which was not the question requirement and no marks were awarded for doing so.
- There were candidates who in trying to explain audit risks, explained business risks suggesting lack of understanding on the difference between business and audit risks and no marks were awarded for doing so.

- There were many candidates that simply did not suggest suitable audit responses for the audit risks explained losing the marks allocated to doing so.
- Many candidates wrongly discussed audit responses from the point of view of the management of Bino Paints Ltd and not that of the auditors as expected.

Part (c) was a knowledge based question that required candidates to explain the responsibilities of the auditors with regards laws and regulations. Candidates needed to know and understand the provisions of ISA 250 *Consideration of laws and regulations in an audit of financial statements* to satisfactorily answer this question.

The following observations were made:

- A significant number of candidates explained that the auditors are responsible for ensuring that management adheres to laws and regulations which is incorrect. This is the responsibility of management and those charged with governance.
- Surprisingly some candidates considered adherence with laws and regulations by the auditors rather than the audit client. This suggests lack of knowledge of the responsibilities of management and auditors with regards compliance with laws and regulations.
- There were candidates that discussed the rights of auditors such as the right to attend the annual general meeting and to speak at such meeting which was not relevant in answering the question on auditor responsibilities with regards laws and regulations.

Part (d)

(i) This part of the question required candidates to explain audit procedures that should be performed during an interim audit. A majority of candidates performed badly in this part of the question signifying that they do not know what an interim audit is and the procedures that may be done at the interim audit.

(ii) The following observations were made:

- A majority of the candidates described audit procedures that are conducted on various financial statements to be conducted at the interim audit stage such as the audit of inventory and cash and bank. Except for internal controls on inventory substantive audit procedures at the interim audit on inventory will not provide the necessary evidence for the inventory at the period end.
- There were many candidates that discussed financial statement assertions in answering this part of the question.
- There were many candidates that described audit procedures that should be conducted at the final audit at the period end such attending the inventory count.

(iii) This part of the question required candidates to describe audit tasks that require to be conducted at the final audit stage.

Instead of describing the work that is supposed to be undertaken at the final audit stage, a majority of candidates explained specific audit procedures for the financial statements.

QUESTION THREE

The general performance on this question was very poor. Only 5 of the 79 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 6.3% was recorded. The lowest mark recorded was 0 while the highest was 22.

The question comprised two parts. Part (a) was a mixed topic question covering Computer Assisted Audit Techniques, sampling and sampling risks and audit procedures on obsolete inventory. All these topic have been examined in a similar manner in past examination sessions.

Part (b) was on the topic of internal controls requiring candidates to explain weaknesses in the sales system in the scenario, to explain the implication of each weakness and to suggest a recommendation to remedy the weaknesses. The three requirements could have been answered using a columnar format which saves valuable examination time and ensures that all the question requirements are addressed.

Part (a)

(i) This part of the question required candidates required candidates to explain the meaning of test data in the audit of a computerized accounting system.
The following observations were made:

- Many candidates provided brief or incomplete definitions, missing the core concept that test data involved running dummy/test transactions through the client's actual system and comparing the output to predetermined results.

(ii) This part of the question required candidates required candidates to illustrate two uses of test data in the audit of the financial statements of Fashion Ltd:

The following observations were made:

- Many candidates failed to contextualize their answers to the information about Fashion Ltd. They gave generic points rather than utilizing the specific system constraints mentioned in the scenario such as testing the K23 000 maximum net pay threshold or testing unauthorized changes to standing data without the Finance Director's electronic approval.

(iii) This part of the question required candidates to explain sampling and non-sampling risks in the audit of the financial statements of Fashion Limited.
The following observations were made:

- Many candidates showed a weak understanding of the distinction between these two risks. A clear and correct explanation of each of the two terms attracted maximum marks.
- There were candidates that gave poor descriptions of non-sampling risk often failing to explain that it arises from human errors, misinterpreting audit evidence or applying in appropriate procedures, rather than the sample size itself.

(iv) This part required to Suggest three substantive audit procedures that should be conducted regarding obsolete inventory. Many candidates scored very poorly here, often giving vague, non-audit statements like:

The above are accounting principles or management actions and non-substantive procedures that should be undertaken. Other candidates failed to explain clear actions that should be undertaken to verify valuation of out-of-fashion or retailer restricted clothes.

Part (b)

(i) This part of the question required candidates to explain four weaknesses in the sales system of Sunshine Solar Ltd.

(ii) This part of the question required candidates to explain the implications of weaknesses identified in (i)

(iii) This part of the question required candidates to suggest recommendations to address each weakness identified in (i) above.

The following observations were made with regards parts (i) to (iii):

- There were many candidates who explained controls that exist in the sales system of Sunshine Solar Ltd instead of explaining the weaknesses contained in the system in the scenario.
- While some candidates correctly identified the weaknesses, they failed to explain why they are considered weaknesses.
- Many candidates struggled to explain the implications of the weaknesses explained with poor explanations of the implications.
- Generally recommendations made were poor largely arising from failure to clearly explain the weaknesses and the implications.
- Poor presentation of answers was observed resulting in some parts of the question requirements not being addressed.

QUESTION FOUR

The general performance on this question was very poor. Only 3 of the 57 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 5.3% was recorded. The lowest mark recorded was 0 while the highest was 16.

The question was based on the topic of internal controls which is a major topic in this syllabus comprising 20% of the whole syllabus equivalent to a total of 24 marks in a typical examination paper.

The question requirements included:

- The methods used in recording the accounting and control systems of a client's systems.
- The limitations of internal controls.
- Suggestions of control activities and related tests of controls of the sales systems and
- Control activities that should be put in place for capital expenditure.

Part (a)

(i) This part of the question required candidates to explain ICQs and ICEQs during the audit of the financial statements of Leopard Mining Co.

The following observations were made:

- Instead of explaining the use of ICQs & ICEQs many candidates explained the differences between the two which was not the question requirement and no marks were awarded for doing so.
- There were candidates who incorrectly explained that the questionnaires are used to gain an understanding of the entity. While it may be correct to some extent the ICQs are used specifically to records the client internal and control systems and this should come out expressly in the answer.

(ii) This part of the question required candidates to explain the objective of the questions in the ICQ and ICEQ in recording the control and accounting systems of Leopard Mining Co. The objectives are well elaborated in the study materials for this subject and they are to evaluate whether expected controls are in place and whether specific errors or omissions could occur for ICQs and ICEQs respectively.

The following observations were made:

- Most of the candidates explained advantages of using ICQs and ICEQs which did not answer the question requirements of the objectives of the ICQs and ICEQs.
- A sizeable number of candidates simply did not attempt this part of the question thereby losing all the available marks.

Part (b) of the question required candidates to explain limitations if internal controls in the sales systems of Leopard Mining Company. This was a knowledge based question in which well-prepared candidates should have scored maximum marks. There are many limitations of internal controls systems and explanation of only two of them was required.
The following were observed:

- Many candidates mistook limitations for weaknesses and went on to explain weaknesses observed which did not address the question requirement in this knowledge based question.
- There were incorrect answers showing lack of understanding of the topic such as the following:

- The lack of segregation and lack of approvals as limitation of controls.
- Suggesting that the failure to identify tangible non-current assets was a limitation and yet the limitation is what would cause this.

Part (c) required candidates to suggest four controls that can be put in place to prevent fraud in the sales system of Leopard Mining Co. and an explanation of the related test of control for each control suggested. In order to do this candidates should have been able to identify control deficiencies in the system in the scenario.

The following observations were made:

- There were many candidates who explained components of internal controls without making references to the information in the scenario which was necessary in answering this question.
- There were candidates who explained the three elements of internal controls namely inherent risk, control risk and detection risks which did not answer the question requirement and no marks were awarded for doing so.

- A majority of candidates either did not address the part of the question requiring an explanation of the relevant test of control or showed lack of understanding of tests of controls.

Part (d) required identifying internal control lapses and suggesting suitable control activities to address the lapses. Well prepared candidates should have scored maximum marks in answering this part of the question.

The following observations were made:

- There were candidates that gave general answers without specifying the control activities that should be put in place. For example suggesting employing more staff without explaining the control possibly segregation of duties.
- There were candidates who explained audit procedures for non-current assets which does not answer the question requirement of suggesting control activities.

QUESTION FIVE

The general performance on this question was fair. 61 of the 126 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 48.4% was recorded. The lowest mark recorded was 0 while the highest was 25.

Part (a) of the question required candidates to explain five threats that may affect the independence of Pangu's audit of Umoyo and a suggested of an appropriate safeguard for each threat.

The following observations were made:

- There were candidates who did not suggest suitable safeguards as required and thus lost the marks allocated to doing so.
- There were candidates who failed to explain the 5 ethical issues and yet use of skepticism could have helped in identifying the ethical issues.
- There were shallow answers simply identifying the ethical issue without explaining the type of ethical threat caused.
- Suggested safeguards were frequently weak, generic or not practical such as simply stating 'Disclose the matter to the audit committee' with no further operational safeguard such as declining the invitation or replacing audit team members.

Part (b)

(i) This part of the question required candidates to explain two advantages of outsourcing internal audit services by Umoyo. Most candidates scored reasonably well here, correctly identifying that outsourcing eliminates training and recruitment costs, provides access to specialist skills and offer immediate operational flexibility.

(ii) This part of the question required candidates to explain two disadvantages of outsourcing internal audit services. Performance was weaker in this part of the question. Some candidates correctly identified the loss of in-house skills and limited specialized knowledge of the company. However, a common mistake was suggesting that using the same firm for internal and external audit creates an independence issue for Umoyo.

Part (c) of the question required candidates to explain five elements of the internal control systems of Umoyo. This is a knowledge based question explaining the elements of internal control in accordance with the provisions of ISA 315.

The following observations were made:

- There were candidates that could not explain the required 5 elements of internal controls thereby losing easy marks.
- A minority of candidates did not attempt to answer this part of the question and lost the available marks.

Part (d) of the question required candidates to describe five substantive procedures that should be performed on the bank reconciliation of Umoyo.

The performance in this part of the question was poor with many candidates failing to suggest suitable audit procedures. The following observations were made:

- There were candidates who explained less than the 5 substantive procedures required showing lack of knowledge of this important part of the syllabus.
- While most candidates successfully noted procedures like reperforming the arithmetic or obtaining a bank confirmation letter, many responses lacked the professional depth expected.
- Candidates provided brief passive phrases such as 'compare the cash book and bank statement' without detailing what the auditor is looking for.

Overall performance of candidates

Highest mark obtained in this paper:	90%
Lowest mark obtained in this paper:	4%
Overall pass rate in this paper:	12.7%

SUBJECT: DA 12 GOVERNANCE AND COMPANY LAW

QUESTION ONE

The general performance on this question was very poor. 15 of the 64 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 0 while the highest was 22.

The question was a compulsory question and all the candidates attempted it. It was based on the directors' report and codes of corporate governance.

QUESTION TWO

The general performance on this question was poor. Only 26 of the 64 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 40.6% was recorded. The lowest mark recorded was 0 while the highest was 25.

This question was compulsory and part a required candidates to explain the liability of a promoter in relation to pre-incorporation contracts and part b was based on the procedure for registering a company. Going forward, candidates are encouraged to put in their best effort when preparing for exams.

QUESTION THREE

The general performance on this question was very good. 45 of the 58 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 77.6% was recorded. The lowest mark recorded was 5 while the highest was 25.

This question was well attempted by candidates as part a asked the candidates to discuss the main types of meetings the company can hold and part b asked the candidates to explain the importance of corporate governance with the aid of case law and statutory law

Most of the candidates scored high on this question more especially on part A.

QUESTION FOUR

The general performance on this question was poor. Only 4 of the 10 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 40% was recorded. The lowest mark recorded was 8 while the highest was 15.

Very few candidates attempted this question. It was divided into four parts:

(a) Explaining the meaning of paid up and unpaid share capital.
(b) Calculating the paid up share capital.
(c) Explaining the meaning of unpaid shares.
(d) Explaining the rights of the company with regards to unpaid share capital.

QUESTION FIVE

The general performance on this question was good. 36 of the 60 candidates that attempted the question got 13 and above marks out of 25. A pass rate of 60% was recorded. The lowest mark recorded was 3 while the highest was 22.

This was also an optional question. The question had four parts, Part (a) required the candidates to two grounds upon which a limited company could be wound up. 98% of the candidates correctly answered this part of the question.

Part (b) required the candidate to distinguish between voluntary winding up and compulsory winding up of a company. candidates answered this part of the question adequately.

Part (c) required the candidate to advise the directors on the procedure for voluntary winding up of the company. candidates understood the procedure of voluntary winding up and answered this part of the question adequately.

Part (d) required the candidates to explain the effects of a winding up order on the company and its directors. candidates did not understand the effects of winding up order on a company and the directors. However, some of the candidates that answered this question understood the effects of the order but did not adequately discuss the effects in more detail.

Overall performance of candidates

Highest mark obtained in this paper:	74%
Lowest mark obtained in this paper:	24%
Overall pass rate in this paper:	62.5%