(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS TANZANIA

EXAMINERS' AND PERFORMANCE REPORT 15TH MID-SESSION – FEBRUARY 2023

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CHAPTER ONE

1.1 Foreword

The Education and Training By-laws of the Board 2014 requires every person who has obtained his/her CPA equivalent professional qualification outside Tanzania to register and sit for the examination papers that contain local contents in order to get permit to practice in Tanzania. These subjects are A5 Business Law, B4 Public Finance & Taxation and C4 Advanced Taxation. Under this condition, candidates who have pursued their bachelor degree in accounting in Tanzania and therefore studied Business Laws subject are exempted to sit for A5 Business Law. When approving the conduct of mid-examinations, the Governing Board in its 2nd extra-ordinary meeting held on 29th December 2014 allowed even the Board's examination candidates who have remained with one subject to clear their respective levels to register and sit for mid-examination session. Later on, the Governing Board allowed any candidate to register and sit for the mid-session examinations.

1.2 Objective of the report

The Report is intended to avail to trainers and candidates, the examinations' overall general performance, specific areas of weaknesses and suggestions for improvement. It is an important guide to candidates as well as trainers, setters, markers and moderators of the Board's future examinations.

Analysis of the examination performance is presented in this report. The Examiners' Report is supported by relevant statistical analysis of the candidates' performance in each examination paper.

1.3 Acknowledgement

On behalf of the Board and on my own behalf, I wish to convey my very sincere appreciation to all persons who willingly supported the Board in this demanding professional task. I am indeed particularly thankful to the Board's Examiners, Markers, Invigilators, the Board's Secretariat, the Education and Publications Committee and the Governing Board for their much-appreciated co-operation during the whole process of the NBAA's 15th Mid-session examinations.

Once again, I would like to reiterate that the Examiners' Report is prepared to help trainers and the Board's candidates to improve on their future performance by learning from previous experience. I, therefore, call upon readers of this Report to come up with constructive suggestions on how to improve further the examination process and reports arising therein.

Yours sincerely,

CPA. Pius A. Maneno
EXECUTIVE DIRECTOR

CHAPTER TWO

EXECUTIVE SUMMARY TO THE 15TH MID-SESSION EXAMINATION FEBRUARY 2023

2.1 Preamble:
The Board conducts its mid-session examinations twice in a year during the months of February and August. In this 15th Mid-session examination, examinations were conducted from Monday 20th to Friday 24th February 2023.

In this examination session there were 583 candidates who sat for the examinations. The candidature distribution this session is as shown below:

Table 1

Subject	No. of entries
A5 Business Law	23
B1 Financial Management	73
B4 Public Finance and Taxation	34
B5 Performance Management	127
C1 Corporate Reporting	151
C3 Business and Corporate Finance	131
C4 Advanced Taxation	44

2.3 Overall Candidates Performance
Overall candidates' performance for the February 2023 examination session is as shown in Table 2.

Table 2: Overall Candidates' Performance 15th Mid-session Examinations February 2023

SUBJECT	NO. PAPERS	PASS	%	FAILED	%
A5 Business Law	23	16	69.6	07	30.4
B1 Financial Management	73	39	53.4	34	46.6
B4 Public Finance and Taxation	34	24	70.6	10	29.4
B5 Performance Management	127	82	64.6	45	35.4
C1 Corporate Reporting	151	31	20.5	120	79.5
C3 Business and Corporate Finance	131	65	51.2	64	48.9
C4 Advanced Taxation	44	28	63.6	16	36.4

2.4 Examination Results

2.4.1 Candidates qualifying for the award of letters of success and CPA (T) Certificate. In this 15th Mid-session examinations sixty-six (66) candidates qualified for the award of letters of examination success and CPA (T) Certificate. Among them twenty-six (26) are female and forty (40) are male.

2.4.2 Candidates qualifying for the award of letters of success and CPA (T) Equivalent Certificate

In this 15th Mid-session examinations, no candidate qualified for the award of letters of examination success and CPA (T) Equivalent Certificate.

2.4.3 Candidates required to repeat failed subjects

(i)	Business Law	-	07 candidates
(ii)	B1 Financial Management	-	34 candidates
(iii)	B4 Public Finance and Taxation	-	10 candidates
(iv)	B5 Performance Management	-	45 candidates
(v)	C1 Corporate Reporting	-	120 candidates
(vi)	C3 Business and Corporate Finance	-	64 candidates
(vii)	C4 Advanced Taxation	-	16 candidates

ACCOUNTING GRADUATES CREATED BY THE BOARD UP TO FEBRUARY 2023

In an effort to meet the demand of the highly needed accounting personnel in the country, the Board has been able to create cumulatively 26,696 Accounting Graduates since its inception in May 1975.

These qualified accounting personnel created are categorized in the following groups:

(1)	Certified Public Accountants CPA (T)	12,153
(2)	Certified Public Accountants CPA (T) Equivalent	269
(3	National Accountancy Diploma (NAD) (Phased out in November 1991)	1,537
(4)	National Book-keeping Certificate (NABOCE) (phased out in May 1991)	5,746
(5)	Basic Book-keeping Certificate (BBC) (phased out in November 1990)	2,971
(6)	Accounting Technician Certificate (ATEC)	4,035

EXAMINATION SESSION	BBC		NABOCE		ATEC		NAD		CPA		CPA (T) EQUIVALENT		TOTAL	
	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	-	-	NO.	CUM.
1ST SESSION MAY 1975	-	-	04	04	-	-	01	01	NE	NE	-	-	**05**	**05**
NOV 1975 – MAY 2013													**18,438**	**18443**
78th SESSION NOV. 2013	-	2971	-	5746	36	3434	-	1537	377	5,168	-	-	**413**	**18,856**
79th SESSION MAY 2014	-	2971	-	5746	46	3480	-	1537	478	5,646	-	-	**524**	**19,380**
80th SESSION NOV. 2014	-	2971	-	5746	43	3523	-	1537	369	6,015	01	01	**413**	**19,793**
81st SESSION MAY 2015	-	2971	-	5746	42	3565	-	1537	600	6,615	08	09	**650**	**20,443**
1st Mid-SESSION AUGUST 2015	-	2971	-	5746	-	3565	-	1537	03	6,618	04	13	**07**	**20,450**
82nd SESSION MAY 2016	-	2971	-	5746	42	3607	-	1537	270	6,888	03	16	**315**	**20,765**
2ND MID-SESSION FEBRUARY 2016	-	2971	-	5746	-	3607	-	1537	01	6,889	07	23	**08**	**20,773**
83rd SESSION MAY 2016	-	2971	-	5746	40	3647	-	1537	282	7,171	11	34	**333**	**21,106**
3RD MID-SESSION AUGUST 2016	-	2971	-	5746	-	3647	-	1537	06	7,177	05	39	**11**	**21,117**
84TH SESSION NOVEMBER 2016	-	2971	-	5746	49	3,696	-	1537	420	7,597	19	58	**488**	**21,605**
4TH MID-SESSION FEBRUARY 2017	-	2971	-	5746	-	3,696	-	1537	-	7,597	05	63	**05**	**21,610**
85TH SESSION MAY 2017	-	2971	-	5746	65	3,761	-	1537	410	8,007	17	80	**492**	**22,102**
5TH MID-SESSION AUGUST 2017	-	2971	-	5746	-	3,761	-	1537	02	8,009	04	84	**06**	**22,108**
86TH SESSION NOVEMBER 2017	-	2971	-	5746	39	3,800	-	1537	450	8,459	20	104	**509**	**22,617**
6TH MID-SESSION FEBRUARY 2018	-	2971	-	5746	-	3,800	-	1537	-	8,459	04	108	**04**	**22,621**
90TH SESSSION MAY 2018	-	2971	-	5746	28	3,828	-	1537	63	8,522	15	123	**106**	**22,727**

Session													
7TH MID-SESSION AUGUST 2018	-	2971	-	5746	-	3,828	-	1537	03	8,525	04	127	**07**	22,734
88TH SESSION NOVEMBER 2018	-	2971	-	5746	63	3,891	-	1537	371	8,896	17	144	**451**	23,185
8TH MID-SESSION FEBRUARY 2019	-	2971	-	5746	-	3,891	-	1537	02	8,898	01	145	**03**	23,188
89TH SESSION MAY 2019	-	2971	-	5746	49	3,940	-	1537	433	9,525	20	165	**502**	23,690
9TH MID-SESSION AUGUST 2019	-	2971	-	5746	-	3,940	-	1537	10	9,535	09	165	**19**	23,709
90TH SESSION NOVEMBER 2019	-	2971	-	5746	53	3,993	-	1537	325	9,860	17	182	**395**	24,104
10TH MID-SESSION	-	2971	-	5746	53	3,993	-	1537	41	9,901	03	185	**44**	24,148
91ST SESSION MAY (AUGUST)2020	-	2971	-	5746	28	4,021	-	1537	354	10,255	16	201	**398**	24,546
92ND SESSION NOVEMBER 2020	-	2971	-	5746	14	4,035	-	1537	243	10,498	09	210	**266**	24,812
93RD MAY 2021	-	2971	-	5746	29	4,064	-	1537	278	10,776	13	223	**320**	25,132
94TH SESSION NOVEMBER 2021	-	2971	-	5746	44	4,108	-	1537	261	11,159	11	241	**316**	25,577
13TH MID-SESSION FEBRUARY 2022	-	2971	-	5746	44	4,108	-	1537	71	11,230	04	245	**75**	25,652
95TH SESSION MAY 2022	-	2971	-	5746	46	4,154	-	1537	387	11,616	18	263	**451**	26,103
14TH MID SESSION – AUGUST 2022	-	2971	-	5746	-	4,154	-	1537	128	11,744	06	269	**134**	26,237
96TH SESSION NOVEMBER 2022	-	2971	-	5746	38	4,192	-	1537	343	12,087	12	280	**393**	26,630

CHAPTER THREE

ANALYSIS OF EXAMINATION PERFORMANCE

3.1   A5 BUSINESS LAW

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to examine candidates' ability to apply theories, practices and laws governing business in providing accounting services and protecting business against unnecessary litigations.

II: STRUCTURE OF THE QUESTION PAPER:

The paper comprised seven questions. Candidates were required to answer five questions.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

In this examination session, candidates were examined on the following topics:

QUESTION 1: THE LEGAL SYSTEM OF TANZANIA

The candidates were required to answer the following:

(a)   Explain the source of the term 'Judicial Precedent' and state two of its advantages.
(b)   Mention and describe any four (4) types of courts' jurisdiction in Tanzania mainland.
(c)   What are the sources of law?

Candidates' performance in this question was satisfactory. Out of 22 candidates who answered the question, 14 (63.6%), candidates passed while the remaining 8 (36.4%) candidates failed. Out of those who passed 10 (45.5%), 3 (13.6%) and 1 (4.5%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to explain the concept and types of courts' jurisdiction.

QUESTION 2: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS (LAW OF TORTS)

Candidates were required to use the given information/scenario to advise on:

(a)   The grounds on which dismissal is capable of being unfair.
(b)   The remedies available for unfair termination.
(c)   If he wants to challenge the decision communicated to him by the Managing Director, where will the institute a case?

Candidates' performance in this question was satisfactory. Out of 18 candidates who answered the question, 14 (77.8%), candidates passed while the remaining 4 (22.2%) candidates failed. Out of those who passed 3 (16.7%), 6(33.3%) and 5 (27.8%) candidates scored pass, credit and distinction marks respectively.

Some candidates could not tell where an appeal against unfair termination of employment could be instituted.

QUESTION 3: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS (LAW OF AGENCY AND THE LAW OF CONTRACT)

Candidates were required to use the given information/scenario to answer the following:

(a)   Advise Bakuza Kuku Inc on the current status of their contract with Ukamwe Animal Feeds Ltd.
(b)   Which remedies Bakuza Kuku Inc can seek against Ukamwe Animal Feeds Ltd in a court of law?
(c)   Write short notes on the following:
    (i)   Privity of contract
    (ii)   Condition
    (iii)   Warrant
    (iv)   Misrepresentation
    (v)   Duress

Candidates' performance in this question was not satisfactory. Out of 21 candidates who answered the question only 7 (33.3%) candidates passed while the remaining 14(66.7%) candidates failed. Out of those who passed 2 (9.5%), 4 (19%) and 1 (4.8%) candidates scored pass, credit and distinction marks respectively.

Most of the candidates failed to realize that the question was mainly centered on the concept of breach of contract.

QUESTION 4: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS (LAW OF NEGOTIABLE INSTRUMENTS)

Candidates were required to use the given information/scenario to answer the following:
(a)   Describe the concept of an endorsement of a cheque and the rules which govern it.
(b)   Explain five (5) types of endorsement of a cheque.
(c)   What are the rights of Majuto as the holder of a bill of exchange?

Candidates' performance in this question was not satisfactory. Out of 7 candidates who answered the question only 6 (85.7%) candidates scored pass marks while the remaining 1 (14.3%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates failed to mention the rights of the holder of a bill.

QUESTION 5: THE LAW GOVERNING BUSINESS ORGANISATIONS IN TANZANIA (PARTNERSHIP)

Candidates were required to use the given information/scenario to answer the following:
(a) Which challenges would a person likely face if he decides to do business as a sole proprietor?
(b) Advise Swai on the status of his relationship with Kennedy.
(c) Explain succinctly the nature and extent of the powers of the Board of Directors

Candidates' performance in this question was satisfactory. Out of 23 candidates who answered the question, 19 (82.6%), candidates passed while the remaining 4(17.4%) candidates failed. Out of those who passed 9 (39.1%), 5 (21.7%) and 5 (21.7%) candidates scored pass, credit and distinction marks respectively.

Some candidates struggled to know that the question was about partnership.

QUESTION 6: THE LAW GOVERNING BUSINESS ASSOCIATIONS IN TANZANIA (COMPANIES)

Candidates were required to advise the other creditors on the following:
(a) The notion of cumulative preferential share.
(b) The concept of separate legal personality and this scenario.
(c) Secured debenture.
(d) Unsecured debenture.

Candidates' performance in this question was satisfactory. Out of 17 candidates who answered the question, 13 (76.5%), candidates passed while the remaining 4(23.5%) candidates failed. Out of those who passed 1 (5.9%), 4 (23.5%) and 8 (47.1%) candidates scored pass, credit and distinction marks respectively.

Some of the candidates seemed to have problem in explaining the concepts asked, they failed to explain the concept correctly.

QUESTION 7: THE LAW GOVERNING BUSINESS ORGANISATIONS

Candidates were required to use the given matter/cases to:
(a) Identify the three (3) major drivers of fraud according to the fraud triangle.
(b) Explain the different types of corporate fraud.
(c) Identify several accounting principles that tend to be a major focus of corporate financial reporting fraud.
(d) Discuss why violations of the materiality principle are often challenging to identify and explain the consequences of intentionally violating these principles.
(e) Explain the major characteristics of financial statement fraud.

Candidates' performance in this question was satisfactory. Out of 7 candidates

who answered the question, 4 (57.14%) candidates passed while the remaining 3(42.86%) candidates failed. Out of those who passed 1 (14.2%) and 3 (42.9%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Few candidates failed to determine drivers of fraud in relation to laws.

IV: GENERAL OBSERVATIONS

(a) **Assessment of the paper**
The panel of examiners found the examination to be fair, well balanced containing both easy and moderate questions which were relevant to the candidates' level and was well within the prescribed syllabus.

(b) **Overall Candidates performance**
Candidates' performance in this examination paper was satisfactory. Out of 23 candidates who answered the examination, 16 (69.6%) candidates passed while the remaining 7 (30.4%) candidates failed. Out of those who passed 8(34.8%) and 8(34.8%) candidates scored pass and credit marks respectively. No candidates scored distinction marks in this examination paper.

The candidate's overall performance in the subject is as shown in Table 4

TABLE 4

A5: CANDIDATE'S PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	0-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	07	08	08	00	**23**
PERCENTAGE	30.4	34.8	34.8	0.0	**100**

B1   FINANCIAL MANAGEMENT

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this examination paper is to test candidates' ability to apply financial management knowledge and skills in valuing various assets as well as businesses; in evaluating investment opportunities; in forecasting and planning financial needs of a firm; in deciding on the level of debt financing to use relative to equity capital; in determining the level of working capital to carry in a business and; in deciding on the share of the earnings after tax between retained earnings and shareholders.

II: STRUCTURE OF THE PAPER

The paper had two sections A and B, with six questions carrying 20 marks each. Candidates were required to answer question one in section A and any other four out of five questions in Section B.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

The following topics were tested in this paper: -

QUESTION 1: INVESTMENT DECISION

Candidates were required to use the given information/scenario to answer the following:-
(a)   Evaluate the usefulness of the following measures in the context of an individual security and a portfolio:
  (i)   Expected return
  (ii)   Standard deviation
  (iii)   Coefficient of variation
(b)   Use the above information to evaluate which of the two portfolios the division of Bawaba Company is likely to undertake. All relevant information must be shown.
(c)   Based on your understanding of business and financial risks, discuss the dangers to a company of a high level of gearing.

Candidates' performance in this question was satisfactory. Out of 73 candidates who answered the question, 47 (64.4%), candidates passed while the remaining 26 (35.6%) candidates failed. Out of those who passed 17 (23.3%), 21 (28.8%) and 9 (12.3%) candidates scored pass, credit and distinction marks respectively.

QUESTION 2: PRINCIPLES OF VALUATION AND TIME VALUE OF MONEY

Candidates were required to use the given information/scenario to: -
(a)   (i)   Explain any three (3) importance of the time value of money concept.
     (ii)   Describe any three (3) features of future value.

(b)   Advise Zangie Real Estate Co. on the best course of action to take given the three alternatives relative to selling the property today.

Candidates' performance in this question was not satisfactory. Out of 70 candidates who answered the question only 25 (34.2%) candidates passed while the remaining 45 (61.6%) candidates failed. Out of those who passed 19(26%), 5(6.8%) and 1(1.4%) candidates scored pass, credit and distinction marks respectively.

Most candidates confuse Time Value of Money(TMV) and Value For Money(VFM).

QUESTION 3: INTRODUCTION TO CORPORATE DECISION ENVIROMENT AND FINANCING DECISION (SHORT, MEDIUM AND LONG TERM FINANCING ALTERNATIVES)

Candidates were required to use the given information/scenario to answer the following:-

(a) With practical examples, briefly explain any four (4) roles of financial markets in an economy.

(b) Prepare a Report to the Management of TULI advising them on whether to enter into the agreement. The report should include detailed computations and a brief discussion of the relative advantages and disadvantages of overdraft and factoring financing to TULI.

Candidates' performance in this question was satisfactory. Out of 70 candidates who answered the question, 40 (54.8%), candidates passed while the remaining 30 (41.1%) candidates failed. Out of those who passed 25 (34.2%), 11 (15.1%) and 4 (5.5%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to answer the question according to the requirement.

QUESTION 4: FINANCIAL DECISION- COST OF CAPITAL AND INVESTMENT APPRAISAL

Candidates were required to use the given information/scenario to:

(a) (i) Estimate the company's Weighted Average Cost of Capital (WACC) using the Dividend Valuation Model (DVM) and the Capital Assets Pricing Model (CAPM)

  (ii) Explain, why your results in (i) above are similar or different.

  (iii) Using any relevant information from part (i) above and supporting computations, recommend which cost of equity should be used for the new investment.

 (b) (i) Explain the different between risk and uncertainty in relation to investment appraisal. Advantages of a right issue as a financing alternative and outline how the company should set the price for a right issue to secure the acceptance of shareholders.

(ii) Discuss any four (4) reasons why Net Present Value (NPV) is regarded as superior to the Internal Rate of Return (IRR) as an investment appraisal technique.

Candidates' performance in this question was not satisfactory. Out of 62 candidates who answered the question only 13 (17.8%) candidates passed while the remaining 49 (67.1%) candidates failed. Out of those who passed 11 (15.1%) and 2 (2.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates provide too general answers.

QUESTION 5: FINANCIAL GEARING, CAPITAL STRUCTURE AND DIVIDEND POLICY

Candidates were required to use the given information/scenario to answer the following :

(a)   (i)   Assuming that Mr. Hashim can borrow and lend at 5%, prepare calculations to demonstrate how he might improve his position the way he has suggested.
       (ii)   Explain with reasons as to why the cost of equity of Sama Ltd differ from that of Raha Ltd.

(b)   (i)   Calculate the beta for the portfolio and the required return on the portfolio.
       (ii)   Assess the performance of the individual share in the portfolio and state whether the portfolio investment is financially viable.

(c)   Explain the nature of a stock (script) dividend and discuss the advantages and disadvantages of using stock dividends to reward shareholders of a company.

Candidates' performance in this question was not satisfactory. Out of 37 candidates who answered the question, 6 (8.2%) candidates passed while the remaining 31(42.5%) candidates failed. Out of those who passed 4 (5.5%) and 2(2.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to balance the time for this question.

QUESTION 6: INTRODUCTION TO CORPORATE FINANCIAL DECISION ENVIRONMENT AND INVESTMENT APPRAISAL

Candidates were required to use the given information/scenario to answer the following:

(a)   Describe any four (4) possible approaches or strategies to create a firm's value that will ultimately maximize the shareholders' wealth.

(b)   With supporting computations, recommend the proposal to be implemented by RGL.

Candidates' performance in this question was not satisfactory. Out of 53 candidates who answered the question only 13 (17.8%) candidates passed while the remaining 40 (54.8%) candidates failed. Out of those who passed 9(12.3%), 3 (4.1%) and 1 (1.4%) candidates scored pass, credit and distinction marks respectively.

Most candidates demonstrated poor computational skills.

IV: GENERAL OBSERVATIONS

(a)   Assessment of the Paper
The panel of examiners found the paper to be quite adequate in terms of the questions examined and time allocated for each question. The panel of markers also found the paper to be well balanced, covering almost eighty percent of the topics in the syllabus. The paper had a good mixture of theoretical and computational questions.

(b)   Candidates' overall performance
Candidates' performance in this examination paper was satisfactory. Out of 73 candidates who answered the examination, 39(53.4%) candidates passed while the remaining 34 (46.6%) candidates failed. Out of those who passed 37(50.7%) and 2(2.7%) candidates scored pass and credit marks respectively. No candidates scored distinction marks in this examination paper.

The candidates 'over-all performance in the subject is as shown on Table 8.1.1

TABLE 8.1.1

B1 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	34	37	2	00	73
PERCENTAGE	46.6	50.7	2.7	00	100

B4   PUBLIC FINANCE AND TAXATION

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this examination paper is to test candidates' ability to apply knowledge of public finance, tax laws and principles in the computation of tax liabilities, preparation and filing of tax returns; and in administering compliance with the tax laws; both in the public sector and in the private sector.

II: STRUCTURE OF THE PAPER

The paper had two sections A and B, with six questions carrying 20 marks each. Candidates were required to answer question one in section A and any other four out of five questions in Section B.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

The following topics were tested in this paper:

QUESTION 1: COMPUTATION OF TAXABLE INCOME (EMPLOYMENT INCOME)

Candidates were required to use the given information/scenario to;
(a)   Determine whether is Ms. USOGO a resident person during the year 2022? Justify your answer.

(b)   Compute Ms. USOGO's taxable income for the year of income 2022.

Candidates' performance in this question was satisfactory. Out of 34 candidates who answered the question, 21 (62%) candidates passed while the remaining 13 (38%) candidates failed. Out of those who passed 14 (67%), 6 (26%) and 1 (5%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to determine residential status.

QUESTION 2: COMPUTATION OF TAXABLE INCOME (BUSINESS INCOME)

Candidates were required to use the given information/scenario to;
Assist Mr. Simba to know the taxable profit for the year 2022.

Candidates' performance in this question was satisfactory. Out of 29 candidates who answered the question, 17 (59%) candidates passed while the remaining 12(41%) candidates failed. Out of those who passed 14(82%) and 3(18%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidates who failed were not good in rules of deduction.

QUESTION 3: TAX ADMINISTRATION IN TANZANIA (TAX PAYMENTS PROCEDURES)

Candidates were required to use the given information/scenario to;
(a)
  (i)   Calculate the tax paid on 4th May 2021.
  (ii)   Calculate the tax paid on the second installment.
  (iii) Calculate the tax paid on the third installment.
  (iv)   Calculate the tax paid on 31st December 2021.
  (v)   Calculate the tax paid on 23rd September 2022.

(b)   Give three (3) justifications for developing countries to charge excise duties.

Candidates' performance in this question was not satisfactory. Out of 22 candidates who answered the question only 2 (9%) candidates scored pass marks while the remaining 20 (91%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates failed to calculate provisional tax paid on the given date.

QUESTION 4: TAX PLANNING, AVOIDANCE, EVASION AND PRESUMPTIVE TAX SYSTEM

Candidates were required to use the given information to:

(a) (i)   Define tax avoidance, and using examples, distinguish it from tax evasion.

    (ii)   Evaluate the recommendation made by Mashaka and comment on the likelihood of achieving the intended objectives.

(b) (i)   Advise about each of the stated tax implications of changing location by Mwanamvua.

    (ii)   Calculate the amount of income tax payable per year assuming that Mwanamvua changes location and ends up with the same level of sales as was in the present location. Assume that Mwanamvua does not maintain required documentation.

    (iii) Advise on the difference(s) you would have in your answer in (ii) above if the average daily revenue changes to TZS.45,000 as a result of changing location.

Candidates' performance in this question was not satisfactory. Out of 23 candidates who answered the question only 6 (26%) candidates passed while the remaining 17(74%) candidates failed. Out of those who passed 4 (67%) and 2 (33%) candidates scored pass and distinction marks respectively. No candidate scored credit marks in this question.

Most of the candidates failed to apply presumptive tax rates in the computation of tax.

QUESTION 5: VALUE ADDED TAX

Candidates were required to use the given information to:

(a) Differentiate "Taxable supplies" from "Exempt supplies", clearly stating the important and implications of such categories.

(b) Prepare the computation of VAT to be paid to Tanzania Revenue Authority given the following as his transactions for the month of July 2022.

Candidates' performance in this question was satisfactory. Out of 33 candidates who answered the question only 23(70%), candidates passed while the remaining 10(30%) candidates failed. Out of those who passed 10 (44%), 6 (26%) and 7(30%) candidates scored pass, credit and distinction marks respectively.

QUESTION 6: NATIONAL INCOME

Candidates were required to use the given information to assist on the following:

(a) The meaning of National Income, Gross Domestic Product (GDP) and Gross National Product (GNP).

(b) Explanation on any three (3) methods used to measure national income, explaining for each method, two problems or weaknesses associated with the method.

Candidates' performance in this question was satisfactory. Out of 28 candidates who answered the question, 19 (60%) candidates passed while the remaining 9 (32%) candidates failed. Out of those who passed 7(37%), 8 (42%) and 4 (21%) candidates scored pass,credit and distinction marks respectively.

Some of the candidates confused the concept of GNP with Net National Income.

IV: GENERAL OBSERVATIONS

(a) Assessment of the Paper
The panel of examiners found the paper to be quite adequate in terms of the questions examined and time allocated for each question. The panel of markers also found the paper to be well balanced with excellent spread of the topics in the syllabus. The paper had a good mixture of theoretical and computational questions.

(b) Candidates' overall performance
Candidates' performance in this examination paper was satisfactory. Out of 34 candidates who answered the examination, 24 (70.6%) candidates passed while the remaining 10(29.4%) candidates failed. Out of those who passed 22(64.7%) and 2(5.9%) candidates scored pass and credit marks respectively. No candidates scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table8.1.7

TABLE 8.1.7

B4 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	10	22	2	00	34
PERCENTAGE	29.4	64.7	5.9	0.0	100

B5   PERFORMANCE MANAGEMENT

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this examination paper is to test candidates' ability to apply knowledge and skills of financial and non-financial data analysis in providing information and decision support to management for decision-making, performance evaluation, and control.

II: STRUCTURE OF THE PAPER

The paper had two sections A and B, with six questions carrying 20 marks each. Candidates were required to answer question one in section A and any other four out offive questions in Section B.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

The following topics were tested in this paper:

QUESTION 1: DECISIONS-MAKING TECHNIQUES AND COST ACCOUNTING TECHNIQUES

Candidates were required to use the given information to:

(a)   Comment on any four (4) common arguments in favour of outsourcing decisions.

(b)   (i)   Prepare the income statements that were used as the basis for bonus payments and explain the increase in net income when sales have declined.

(ii)   Comment on the method of bonus payment and suggest a more credible method to be used by the company.

Candidates' performance in this question was not satisfactory. Out of 127 candidates who answered the question only 10(7.87%) candidates scored pass marks while the remaining 117 (92.13%) candidates failed. There were neither credit nor distinction marks in this question.

Most of the candidates failed to make an appropriate treatment of fixed manufacturing overheads in absorption costing and in variable costing.

QUESTION 2: STANDARD COSTING AND VARIANCES ANALYISIS

Candidates were required to use the given information to:
(a)   (i)   Calculate the material price variances for each chemical.
(ii)   Calculate the material usage variance for each chemical.
(ii)   Calculate the material mix variances.
(iii)   Calculate the material yield variance.
(iv)   Comment on the usefulness of material mix and yield variance.

(b)   Comment on the usefulness of each: "material mix" and "yield variance".

Candidates' performance in this question was not satisfactory. Out of 97 candidates who answered the question only 14 (14.43%) candidates passed while the remaining 83 (85.57%) candidates failed. Out of those who passed 8 (8.25%), 4 (4.12%) and 2 (2.00%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to make appropriate computations of the required variances, and to explain usefulness of mix and yield variances.

QUESTION 3: BUDGETARY PLANNING AND CONTROL

Candidates were required to use the given information to:

(a) (i) Prepare a columnar monthly cash budget for the first six (6) months of 2023 of Kilanya Retailers.

(ii) Comment on the significance of cash budget for Kilanya retailers and to business in general.

(b) Comment on any five (5) potential advantages to the Avae College of involving the senior staff in the budget preparation process.

Candidates' performance in this question was satisfactory. Out of 121 candidates who answered the question, 95 (78.51%) candidates passed while the remaining 26 (21.49%) candidates failed. Out of those who passed 36(29.75%), 33 (27.27%) and 26 (21.49%) candidates scored pass, credit and distinction marks respectively.

QUESTION 4: COST ACCOUNTING TECHNIQUES

Candidates were required to use the given information to:

(a) (i) Calculate the profit the company will make by producing all the drugs itself.
(ii) Calculate the Saving/(increased cost) per unit would be made/(incurred) if Fairyoxide was purchased from the overseas producer.
(iii) Calculate saving/(increased cost) would be made /(incurred) per unit if Spriteolite was purchased from the overseas producer.
(iv) Calculate Saving/(increased cost) would be made/(incurred) if Goblinex was purchased from the overseas producer.

(b) Prepare the necessary journal entries in back-flush costing.

(c) With practical examples, explain "necessary pre-requisites for effective implementation of responsibility accounting" in a typical business organization.

Candidates' performance in this question was not satisfactory. Out of 61 candidates who answered the question only 6 (9.84%) candidates passed while the remaining 55 (90.16%) candidates failed. Out of those who passed 4 (6.56%) and 2 (3.28%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to make the computation required.

QUESTION 5: PERFOMANCE MEASUREMENT AND CONTROL

Candidates were required to use the given information to:

(a)   Calculate the Return on Investment (ROI) for each division.

(b)   Calculate the RI for each division, assuming the required rate of return is 12%.

(c)   Calculate the Economic Value Added (EVA) for each division.

(d)   Comment on the three (3) measures of performance calculated in (a), (b) and (c) above, and recommend with reasons on the one to be used by Upepo Limited.

Candidates' performance in this question was satisfactory. Out of 107 candidates who answered the question, 91 (84.25%) candidates passed while the remaining 16(15.75%) candidates failed. Out of those who passed 14 (13.08%) and 2(1.87%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to make the computation required.

QUESTION 6: BUDGETARY PLANNING AND CONTROL, COST ACCOUNTING TECHNIQUES AND PERFOMANCE MANAGEMENT CONTROL

Candidates were required to use the given information to answer the following:
(a)   "Sunk cost is irrelevant in decision-making, but irrelevant costs are not sunk costs." Explain this statement.
(b)   Critically compare and contrast "Incremental Budgeting System (IBS)" and "Zero-Based Budgeting (ZBB)."
(c)   Describe any four (4) benefits of product lifecycle costing.
(d)   Briefly explain any four (4) types of standards which are set and used by manufacturing organizations.
(e)   Briefly, explain why it is important to distinguish between managerial and economic performance.
(f)   Provide two (2) examples of accounting adjustment required to compute EVA.

Candidates' performance in this question was satisfactory. Out of 122 candidates who answered the question, 1033(84.43%) candidates passed while the remaining 19 (15.57%) candidates failed. Out of those who passed 39(31.97%), 56 (45.9%) and 8(6.56%) candidates scored pass, credit and distinction marks respectively.

IV: **GENERAL OBSERVATIONS**

(a) **Assessment of the Paper**
The panel of examiners found the paper to be quite adequate in terms of the questions examined and time allocated for each question. The panel of markers also found the paper to be well balanced with excellent spread of the topics in the syllabus. The paper had a good mixture of theoretical and computational questions.

(b) **Candidates' overall performance**
Candidates' performance in this examination paper was satisfactory. Out of 127 candidates who answered the examination, 82 (64.6%) candidates passed while the remaining 45(35.4%) candidates failed. Out of those who passed 79(62.2%) and 3(2.4%) candidates scored pass and credit marks respectively. No candidates scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 8.1.9.

TABLE 8.1.9

B5 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	45	79	3	00	127
PERCENTAGE	35.4	62.2	2.4	00	100

C1   CORPORATE REPORTING

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to test candidates' ability to financial reporting standards and corporate law in preparing, analyzing and evaluating corporate reports by entities, both in the private and public sectors.

II: STRUCTURE OF THE QUESTION PAPER

This examination paper comprised two sections with six questions. Candidates were required to answer four questions. Question one which carried 40 % of the total marks was compulsory

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

In this paper, topics examined and candidates' performances were as follows:

QUESTION 1: FINANCIAL STATEMENTS OF GROUP ENTITIES

Candidates were required to use the given information to:-
Prepare a Consolidated Statement of Profit or Loss and Other Comprehensive Income for Zanka Group for the year ended 31st May 2022 in accordance with International Financial Reporting Standards (IFRSs).

Candidates' performance in this question was not satisfactory where all 151 candidates who answered the question failed.
Most of the candidates failed to understand the general concept of consolidation process from goodwill determination to consolidating a subsidiary which changed during the year.

QUESTION 2:   SHARE BASED PAYMENTS,PROVISIONS, CONTIGENT LIABILITIES AND CONTINGENT ASSETS

Candidates were required to use given information to: -
(a) (i)   Prepare all the journal entries to record the sale and warranty transactions for each of the years 2020, 2021 and 2022.

   (ii)   Determine the warranty liability balance reported at each year-end from 2020 to 2022.

(b) (i)   Suggest the possible reasons that prompted accounting standards setters to consider it necessary to have a standard in this area.

   (ii)   Identify and briefly explain the three types of share-based payments recognized by *IFRS 2: Share-Based Payments*.

(c)   Calculate the expense in profit or loss for each year of the vesting period:

    (i)   Assuming that the client's expectations throughout the vesting period are that all options will vest.

    (ii) Assuming that the client's best estimates of the proportion of options that will vest and actual vesting are as given.

Candidates' performance in this question was satisfactory. Out of 147 candidates who answered the question, 77 (52.4%) candidates passed while the remaining 70(47.6%) candidates failed. Out of those who passed 57 (38.7%) and 20(13.6%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to distinguish treatment of warranty as a provision rather than a differed revenue.

QUESTION 3: FINANCIAL AND BUSINESS ANALYSIS AND RELATED PARTY DISCLOSURE

Candidates were required to use given information to:

(a)   Re-calculate the ratios for Hydom after making appropriate adjustments to the financial statements for notes (i) to (iii) above. For this purpose, the expected purchase price of TZS.30 billion should be taken as Hydom's equity and net assets are equal to this equity plus the loan. You may assume the changes will have no effect on taxation.

(b)   In relation to the ratios calculated in (a) above, and the ratios for Hydom given in the question, comment on the performance of Hydom compared to its retail sector average.

(c)   Explain any concerns you would raise about basing an investment decision on the information available in Lomwe's consolidated financial statements and Hydom's entity financial statements.

(d)   State whether there are any disclosures that Hydom Ltd would have need to make in respect of (i) above in accordance with IAS 24: *Related Party Disclosures.*

Candidates' performance in this question was not satisfactory. Out of 131 candidates who answered the question only 29 (22.1%) candidates passed while the remaining 102 (77.9%) candidates failed. Out of those who passed 26 (19.8%) and 3 (2.3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidates failed to adjust financials thus subsequently computing wrong ratios and coming up with incorrect comments.

QUESTION 4: IFRS 15: REVENUE FROM CONTRACT WITH CUSTOMERS, CONCEPTUAL FRAMEWORK AND REGULARITY

Candidates were required to use the given information to:

(a) Comment on the directors' view above regarding the use of fair value in IFRSs and their position that IFRSs do not reflect the financial value of an entity.

(b) Discuss the ethical and accounting issues which face the financial controller in the above situation and advise on the appropriate accounting treatment for the lease.

(c) Show financial statements extracts of Capital Company for the year ended 31st March 2022 in relation to the aforementioned transactions.

Candidates' Candidates' performance in this question was not satisfactory. Out of 139 candidates who answered the question only 5 (4%) candidates scored pass marks while the remaining 134 (96%) candidates failed. There were neither credit nor distinction marks in this question.

Candidate did not cover well this topic hence most of them failed.
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QUESTION 5: IAS 33: EARNINGS PER SHARE, ACCOUNTING FOR RE-ORGANISATION & RECONSTRUCTIONS

Candidates were required to use the give information to: -

(a) State the difference between 'Basic Earnings Per Share' and 'Diluted Earnings Per Share' and comment on the relevance of diluted EPS to users of financial statements.

(b) (i) Calculate earnings per share for 2022 in accordance to *IAS 33: Earnings per Share.*

    (ii) Describe the reasons for internal reorganization of companies and explain whether the issuing of stock dividends, convertible shares/bonds and stock options form part of internal reorganization.

Candidates' performance in this question was not satisfactory where all 120 candidates who answered the question failed.

Candidate did not cover well this topic hence most of them failed.

QUESTION 6: INVESTMENT IN ASSOCIATE

Candidates were required to use the given information to:

(a) Prepare all the relevant journal entries for 2021 and 2022 assuming Dologa Enterprises does not have significant influence on Kongowe Inc and that Dologa follows IFRSs and accounts for the investment at Fair Value Through Profit or Loss (FVTPL).

(b)   Show how the comprehensive income is affected in 2021 and 2022 in relation to the entries made in (a) above.

(c)   Prepare all the relevant entries for 2021 and 2022 assuming that Dologa can exercise significant influence on Kongowe Inc. Assume that Dologa follows IFRSs.

(d)   Calculate the carrying value of the investment as at 31st December 2022 assuming Dologa can exercise significant influence on Kongowe's Inc. and follows IFRSs.

(e)   How would your answer to (c) above be different if Kongowe's Statement of Comprehensive Income included a loss from discontinued operations of TZS.15,000,000 (net of tax) for 2021?

Candidates' Candidates' performance in this question was not satisfactory. Out of 65 candidates who answered the question only 2 (3%) candidates scored pass marks while the remaining 65 (97%) candidates failed. There were neither credit nor distinction marks in this question.

Candidate did not cover well this topic hence few attempted this question.

IV: GENERAL OBSERVATIONS

(a)   Assessment of the Examination
The panel of examiners found that the question had an appropriate mixture of questions, the distribution of marks and the time allocated was adequate.The paper had easy and difficult questions which were all within the prescribed syllabus.

(b)   Candidates' overall performance of the paper
Candidates' performance in this examination paper was not satisfactory. Out of 151 candidates who answered the examination, 31 (20.5%) candidates passed while the remaining 120 (79.5%) candidates failed. There were neither credit nor distinction marks in this examination paper.
The candidates' over-all performance in the subject is as shown on table9.1.1

TABLE 9.1.1
C1 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	51	45	01	00	97
Percentage	52.6	46.4	1.0	0.0	100

C3   BUSINESS AND CORPORATE FINANCE:

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to test candidates' ability to apply business and financial theories, concepts and analytical frameworks in evaluating and assessing business strategy, business and financing options as well as financial engineering productsand provide advice based on such assessments.

II: STRUCTURE OF THE QUESTION PAPER

This examination paper comprised two sections with six questions. Candidates were required to answer four questions. Question one carried 40% of the total marks was compulsory

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

In this paper, topics examined and candidates' performances were as follows:

QUESTION 1: GLOBAL BUSINESS ENVIRONMENT(MERGERS AND ACQUISITION); INTERNATIONAL DIVERSIFICATION AND THE INTERNATIONAL CAPITAL ASSETS PRICING MODEL

Candidates were required to use given information to: -

(a)   Write a briefing note to the Board Chairman detailing the meaning, the advantages and disadvantages of a reverse takeover as a means to obtain stock market listing.

(b)   (i)   Calculate the increase in the total value of KAKU Ltd resulting from the acquisition.

(iii)   Calculate the gain or loss to shareholders of both companies, if PATU Ltd. were to offer one of its shares for every four shares of KAKU Ltd.

(iii)   Calculate the gain to the shareholders of both the companies, if PATU Ltd. pays TZS.2,200 for each share of KAKU Ltd, assuming the P/E Ratio of PATU Ltd. does not change after the merger.

(c)   Discuss any three (3) factors that should be considered by an investment firm during formulation of an international portfolio to ensure that risk-return optimization is achieved.

Candidates' performance in this question was not satisfactory. Out of 131 candidates who answered the question only 18 (14%) candidates scored pass marks while the remaining 113 (86%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidate failed to evaluate the acquisition appropriately.

QUESTION 2: **INTERNATIONAL INVESTMENT APPRAISAL AND BUSINESS VALUATION**

Candidates were required to use the given information to answer the following:

(a)   (i) Using the International Portfolio Theory, asses the relative risks of the two foreign markets. Which of the two foreign markets appears to be relatively more risky?
        (ii) Assuming financial markets around the world are segmented, which of the two foreign markets appears to be more risky relative to the domestic stock exchange?
        (iii) Based on your answers in (i) and (ii) above, which of the two foreign markets would you recommend to EC?

(b)   Write a briefing note to the CEO describing how FRAs works in managing the risk of rising borrowing rate and pointing out the principal merits and demerits of FRAs.

(c)   Briefly describe the Black-Scholes Model as used in pricing options. Point out any two (2) of its limitations.

Candidates' performance in this question was satisfactory. Out of 108 candidates who answered the question, 4 (3.7%) candidates scored pass marks while the remaining 105 (96.3%) candidates failed. There were neither credit nor distinction marks in this question.

Some candidates failed to make proper evaluation of expected return and foreign markets and to explain the applicability of FRA.

QUESTION 3: INTERNATIONAL PARITY RELATIONSHIP AND EXCHANGE RATE FORECASTING AND BUSINESS ENVIROMENT

Candidates were required to use the given information to answer the following:

(a) (i)   Assuming that the Purchasing Power Parity (PPP) holds, what should be the exchange rate forecasts for the years 2024, 2025 and 2026? Comment on the validity of the exchange rate forecasts made by Green Company.

    (ii)   Using interest differentials what should be the TZS/US$ one year forward rate? Estimate the percentage forecasting error should the actual spot rate in 2025 turn out to be TZS/2,370/US$.

(b)   Discuss the role of financial intermediaries in swap arrangements

    (i) The need for understanding the global business environment

    (ii) Explain any three (3) modes of a local company to expand to the global market.

Candidates' performance in this question was satisfactory. Out of 131 candidates who answered the question, 76(58%) candidates passed while the

remaining 55 (42%) candidates failed. Out of those who passed 37 (28%), 37 (28%) and 2(2%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to use the PPP and IRP to forecast the exchange rate.

QUESTION 4: INTERNATIONAL INVESTMENT ANALYSIS

Candidates were required to use the given information to: -

(a)   Explain Discuss the key risks and issues that Maziwa Co. should consider when setting up a subsidiary company in Zambia and suggest how these may be mitigated.

(b)   (i)   Calculate the amount payable under each of the following methods: forward cover, money market cover and currency option hedge.

   (ii)   Point out the alternative that the company will opt for and identify one of its possible shortfalls.

Candidates' performance in this question was satisfactory. Out of 131 candidates who answered the question, 76(58%) candidates passed while the remaining 55 (42%) candidates failed. Out of those who passed 53 (41.1%), 29 (22.5%) and 8(6.2%) candidates scored pass, credit and distinction marks respectively.

Few candidates failed on computation of the payable amount.

QUESTION 5: BUSINESS VALUATION CONCEPTS AND APPLICATION

Candidates were required to use the given information to: -

(a)   Advise Stockist Investment Plc on the principal special risks involved in international investing in foreign stocks.

(b)   (i)   Calculate the gain/loss if the bond is refunded.
   (ii)   Recommend whether the bond should be refunded.

(c)   Calculate the duration of each bond and advise Mombasa Company on the better bond investment.

Candidates' performance in this question was satisfactory. Out of 124 candidates who answered the question, 63(51%) candidates passed while the remaining 61 (49%) candidates failed. Out of those who passed 46(37%), 12 (10%) and 5(4%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to analyze the bond refund.

QUESTION 6: BUSINESS VALUATION CONCEPTS AND APPLICATION

Candidates were required to use the given information to: -

(a)   Explain how cash flow-based approach of valuation is different from income based approach and also explain briefly the steps involved in these approaches.

(b)   Advise the company on which option to choose, if the company is to follow a policy of maximizing the market value of equity share.

Candidates' performance in this question was not satisfactory where all 32 candidates who answered the question failed.

Most candidates failed to make an evaluation of the methods of raising funds to provide / that enhances value of the company.

IV: GENERAL OBSERVATIONS

(a)   Assessment of the Examination
The panel of examiners found that the question had an appropriate mixture of questions, the distribution of marks and the time allocated was adequate. The paper had easy and difficult questions which were all within the prescribed syllabus.

(b)   Candidates' overall performance of the paper
Candidates' performance in this examination paper was satisfactory. Out of 131 candidates who answered the examination, 67 (51.2%) candidates passed while the remaining 64(48.9%) candidates failed. Out of those who passed 66(50.4%) and 1(0.8%) candidates scored pass and credit marks respectively. No candidates scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 9.1.5.

TABLE 9.1.5

C3 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	64	66	1	00	131
Percentage	48.9	50.4	0.8	0.0	100

C4   ADVANCED TAXATION

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to test candidates' ability to apply knowledge of public finance, tax laws and financial reporting standards and corporate law in preparing, analyzing and evaluating corporate reports by entities, both in the private and public sectors.

II: STRUCTURE OF THE QUESTION PAPER

This examination paper comprised two sections with six questions. Candidateswere required to answer four questions. Question one carried 40% of the total marks was compulsory.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

In this paper, topics examined and candidates' performances were as follows: -

QUESTION 1: CORPORATE BUSINESS INCOME AND INTERNATIONAL TAXATION

Candidates were required to use the given information of the company to: -

(a)   Calculate the taxable income for the 2022 year of assessment.

(b)   Highlight four (4) circumstances that may constitute obstruction in the above case.

(c)   Explain the tax treatment of the given arrangement.

Candidates' performance in this question was not satisfactory. Out of 29 candidates who answered the question, 10 (34%) candidates passed while the remaining 19(66 %) candidates failed. Out of those who passed 13 (68%) and 6 (32%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Those who failed were unable to relate the facts under taxation of permanent establishment with those of the question.

QUESTION 2: VALUE ADDED TAX

Candidates were required to use the given information to: -

(a)   (i)   State if Infinity consulting firm should be registered for Value Added Tax (VAT) as per Value Added Tax Act, Cap 148 and justify your answer.

(ii)   From your answer (i) above, compute the VAT payable by (or refundable to) Infinity consulting for the month of March 2022, if applicable, unless otherwise explain what should be the appropriate treatment of such transactions.

(b) (i) Discuss the advantages and disadvantages of the regime introduced both in the government revenue collection and transporters' side.

 (ii) Describe income tax procedures under the regime of taxpayers which falls under presumptive tax system.

Candidates' performance in this question was not satisfactory. Out of 29 candidates who answered the question, 10 (34%) candidates passed while the remaining 19(66%) candidates failed. Out of those who passed 8(80%) and 2 (20%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

QUESTION 3: TRANSFER PRICING , INTERNATIONAL DOUBLE TAXATION AND TAXATION OF MINERAL OPERATION

Candidates were required to use the given information to: -

(a) Explain four (4) factors the Commissioner-General will rely on in his comparability analysis in transfer pricing arrangement.

(b) Explain four (4) objectives of the Regulations.

(c) Explain any four (4) conditions that Commissioner will insist on their fulfillment for a claim of double taxation relief/credit to be granted.

(d) (i) Compute the chargeable income of West Mara Gold Mine Limited and the tax payable for the year 2022.

 (ii) Comment on the tax treatment of royalty payment and acquisition of new mineral rights.

Candidates' performance in this question was not satisfactory. Out of 39 candidates who answered the question, 15 (39%) candidates passed while the remaining 24(62%) candidates failed. Out of those who passed 14(93%) and 1 (7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidate ended up providing methods of getting transfer price instead of the factors to determine comparability.

QUESTION 4: TAX PAYMENTS PROCEDURES

Candidates were required to use the given information to answer the following:

(a) (i) What happens if a person fails to submit a statement of estimated income tax?

 (i) What are penalties or interest for non or late payments of taxes?

 (ii) If it happened that a company has made a lower estimate of tax when submitting the provisional return, what penalties will the person be subjected to?

(b) Calculate penalties and interests if any, arising from the above matters.

Candidates' performance in this question was satisfactory. Out of 36 candidates who answered the question, 21 (58%) candidates passed while the remaining 15 (42%) candidates failed. Out of those who passed 8 (22.2%), 2 (5.5%) and 11 (30.56%) candidates scored pass, credit and distinction marks respectively.

QUESTION 5: TAXATION OF CHARITABLE BUSINESS AND TAXATION OF CONTROLLED FOREIGN CORPORATIONS AND TRUSTS

Candidates were required to use the given information to: -

(a)   Calculate actual dividend paid to Pasevo Ltd for the year of income 2022.

(b)   Calculate deemed dividend from Makona Ltd for the year of income 2022.

(c)   Calculate the total taxable income of Pasevo Ltd for the year of income 2022.

(d)   Calculate total tax liability and net tax liability of Pasevo Ltd for the year of income 2022.

Candidates' performance in this question was not satisfactory where all 29 candidates who answered the question failed.

Generally,candidates were not good in applying relevant provision of computing tax of controlled foreign entities.

QUESTION 6: INTERNATIONAL TAXATION AND CORPORATE INVESTMENT INCOME

Candidates were required to use the given information to: -

(a)   Explain In the light of the above, discuss the features of the following:
        (i)   Tax havens
        (ii) Thin capitalization

(b)   Calculate the taxable rental income of Tamasha Company Limited for the period ended 31st December 2022.

Candidates' performance in this question was satisfactory. Out of 43 candidates who answered the question, 33 (77%) candidates passed while the remaining 10(23%) candidates failed. Out of those who passed 24(73%) and 9 (27%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to compute rental income.

IV: **GENERAL OBSERVATIONS**

(a)   **Assessment of the Examination**
The panel of examiners found that the question had an appropriate mixture of questions, the distribution of marks and the time allocated was adequate.The paper had easy and difficult questions which were all within the prescribed syllabus.

(b)   **Candidates' overall performance of the paper**
Candidates' performance in this examination paper was satisfactory.   Out of 44 candidates who answered the examination, 28 (63.6%) candidates passed while the remaining 16(36.4%) candidates failed. Out of those who passed 26(59.1%) and 2(4.5%) candidates scored pass and credit marks respectively. No candidates scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 9.1.7

TABLE 9.1.7

C4   CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	16	26	2	00	44
Percentage	36.4	59.1	4.5	0.0	100

XXX