



(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA

EXAMINERS' AND PERFORMANCE REPORT 16TH MID-SESSION – AUGUST 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 13th 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 16TH MID-SESSION EXAMINATION AUGUST 2023

2.1 Preamble:

The Board conducts its mid-session examinations twice in a year during the months of February and August. In this 16th Mid-session examination, examinations were conducted from Monday 29th August to Friday 2nd September 2023.

Table 1 shows the number of candidates who sat for the examinations in each subject examined in the Mid-Session Examinations.

Table 1: CANDIDATES SAT FOR THE 16TH MIDSESSION EXAMINATIONS

Subject	No. of candidates
A5 Business Law	25
B1 Financial Management	129
B4 Public Finance and Taxation	56
B5 Performance Management	140
C1 Corporate Reporting	236
C3 Business and Corporate Finance	187
C4 Advanced Taxation	60

2.3 Overall Candidates Performance

Overall candidates' performance for the August 2023 examination session is as shown in Table 2.

**Table 2: Overall Candidates' Performance 16th Mid-session Examinations
August 2023**

SUBJECT	NO. PAPERS	PASS	%	FAILED	%
A5 Business Law	25	22	88.0	03	12.0
B1 Financial Management	129	58	45.0	71	55.0
B4 Public Finance and Taxation	56	46	82.1	10	17.9
B5 Performance Management	140	64	45.7	76	54.3
C1 Corporate Reporting	236	60	25.4	176	74.6
C3 Business and Corporate Finance	187	109	58.3	78	41.7
C4 Advanced Taxation	60	33	55.0	27	45.0

2.4 Examination Results

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

In this 16th Mid-session examinations one hundred and five (105) candidates qualified for the award of letters of examination success and CPA (T) Certificate. Among them 55 (52.4%) are female and 50 (47.6%) are male.

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

In this 16th Mid-session examinations two (02) candidates qualified for the award of letters of examination success and CPA (T) Equivalent Certificate. Both are male candidates.

2.4.3 Candidates required to repeat failed subjects

(i)	Business Law	-	03 candidates
(ii)	B1 Financial Management	-	71 candidates
(iii)	B4 Public Finance and Taxation	-	10 candidates
(iv)	B5 Performance Management	-	76 candidates
(v)	C1 Corporate Reporting	-	176 candidates
(vi)	C3 Business and Corporate Finance	-	78 candidates
(vii)	C4 Advanced Taxation	-	27 candidates

ACCOUNTING GRADUATES CREATED BY THE BOARD UP TO MAY 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 27,244 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)	12,652
(2)	Certified Public Accountants CPA (T) Equivalent	286
(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)	4,078

**1. TABLE 14: NBAA GRADUATES – CUMULATIVE STATISTICAL ANALYSIS
MAY 1975 TO AUGUST 2023**

EXAMINATION SESSION	BBC		NABOCE		ATEC		NAD		CPA		CPA (T) EQUIVALE NT		TOTAL	
	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	-	-	NO.	CUM.
1 ST SESSION MAY 1975	-	-	04	04	-	-	01	01	NE	NE	-	-	05	05
NOV 1975 – MAY 2013													18,438	18443
78 TH SESSION NOV. 2013	-	2971	-	5746	36	3434	-	1537	377	5,168	-	-	413	18,856
79 TH SESSION MAY 2014	-	2971	-	5746	46	3480	-	1537	478	5,646	-	-	524	19,380
80 TH SESSION NOV. 2014	-	2971	-	5746	43	3523	-	1537	369	6,015	01	01	413	19,793
81 ST SESSION MAY 2015	-	2971	-	5746	42	3565	-	1537	600	6,615	08	09	650	20,443
1 ST MID-SESSION AUGUST 2015	-	2971	-	5746	-	3565	-	1537	03	6,618	04	13	07	20,450
82 ND SESSION MAY 2016	-	2971	-	5746	42	3607	-	1537	270	6,888	03	16	315	20,765
2 ND MID-SESSION FEBRUARY 2016	-	2971	-	5746	-	3607	-	1537	01	6,889	07	23	08	20,773
83 RD SESSION MAY 2016	-	2971	-	5746	40	3647	-	1537	282	7,171	11	34	333	21,106
3 RD MID- SESSION AUGUST 2016	-	2971	-	5746	-	3647	-	1537	06	7,177	05	39	11	21,117
84 TH SESSION NOVEMBER 2016	-	2971	-	5746	49	3696	-	1537	420	7,597	19	58	488	21,605
4 TH MID- SESSION FEBRUARY 2017	-	2971	-	5746	-	3696	-	1537	-	7,597	05	63	05	21,610
85 TH SESSION MAY 2017	-	2971	-	5746	65	3,761	-	1537	410	8,007	17	80	492	22,102
5 TH MID-SESSION AUGUST 2017	-	2971	-	5746	-	3,761	-	1537	02	8,009	04	84	06	22,108
86 TH SESSION NOVEMBER 2017	-	2971	-	5746	39	3,800	-	1537	450	8,459	20	104	509	22,617
6 TH MID-SESSION FEBRUARY 2018	-	2971	-	5746	-	3,800	-	1537	-	8,459	04	108	04	22,621
90 TH SESSSION MAY 2018	-	2971	-	5746	28	3,828	-	1537	63	8,522	15	123	106	22,727
7 TH MID-SESSION AUGUST 2018	-	2971	-	5746	-	3,828	-	1537	03	8,525	04	127	07	22,734
88 TH SESSION NOVEMBER 2018	-	2971	-	5746	63	3,891	-	1537	371	8,896	17	144	451	23,185
8 TH MID-SESSION FEBRUARY 2019	-	2971	-	5746	-	3,891	-	1537	02	8,898	01	145	03	23,188
89 TH SESSION MAY 2019	-	2971	-	5746	49	3,940	-	1537	433	9,525	20	165	502	23,690
9 TH MID-SESSION AUGUST 2019	-	2971	-	5746	-	3,940	-	1537	10	9,535	09	165	19	23,709

90 TH SESSION NOVEMBER 2019	-	2971	-	5746	53	3,993	-	1537	325	9,860	17	182	395	24,104
10 TH MID-SESSION	-	2971	-	5746	53	3,993	-	1537	41	9,901	03	185	44	24,148
91 ST SESSION MAY (AUGUST)2020	-	2971	-	5746	28	4,021	-	1537	354	10,255	16	201	398	24,546
92 ND SESSION NOVEMBER 2020	-	2971	-	5746	14	4,035	-	1537	243	10,498	09	210	266	24,812
93 RD MAY 2021	-	2971	-	5746	29	4,064	-	1537	278	10,776	13	223	320	25,132
94 TH SESSION NOVEMBER 2021	-	2971	-	5746	44	4,108	-	1537	261	11,159	11	241	316	25,577
13 TH MID-SESSION FEBRUARY 2022	-	2971	-	5746	44	4,108	-	1537	71	11,230	04	245	75	25,652
95 TH SESSION MAY 2022	-	2971	-	5746	46	4,154	-	1537	387	11,616	18	263	451	26,103
14 TH MID SESSION – AUGUST 2022	-	2971	-	5746	-	4,154	-	1537	128	11,744	06	269	134	26,237
96 TH SESSION NOVEMBER 2022	-	2971	-	5746	38	4,192	-	1537	343	12,087	12	280	393	26,630
15 TH MID SESSION- FEBRUARY 2023	-	2971	-	5746	-	4,192	-	1537	66	12,153	00	280	66	26,696
97 TH SESSION MAY 2023	-	2971	-	5746	-	4,192	-	1537	394	12,547	04	284	441	27,137
16 TH MID SESSION AUGUST 2023	-	2971	-	5746	-	4,192	-	1537	105	12,652	02	286	107	27,244

Note: (An extract from May 1975 to August 2023)

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: CIVIL LAW FOR BUSINESS

Candidates were required to:

- (a) Classify laws which are applicable in Tanzania.
- (b) Describe types of court jurisdictions which are found within the court system of mainland Tanzania.
- (c) Explain sources of business law in Tanzania.

Candidates' performance in this question was satisfactory. Out of 25 candidates who answered the question 20 (80.0%) candidates passed while the remaining 05 (20%) candidates failed. Out of those who passed 05 (20.0%), 13 (52.0%) and 02 (8.0%) candidates scored pass, credit and distinction marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to answer properly the types of court jurisdictions, also the candidates failed to distinguish between court jurisdiction and judicial system of Tanzania.

QUESTION 2: LAW OF AGENCY

INTRODUCTION TO PUBLIC PROCUREMENT LAW

The candidates were required to:

- a) Discuss the given statement while establishing the legal requirements for a valid ratification.
 - i. Describe the justifications for debarment and blacklisting of a tenderer from participating in public procurement or disposal proceedings
 - ii. Give the meaning of an emergency procurement and explain criteria for an emergency procurement to be made by an accounting officer
 - iii. Explain the legal duty of the procuring entity which wants to commence competitive tendering.

Candidates' performance in this question was not satisfactory. Out of 09 candidates who answered the question 04 (44.4%) candidates scored pass marks while the remaining 05 (55.6%) candidates failed. Out of those who passed 03 (33.3%) and 01(11.1%)candidates scored pass and distinction marks respectively. No candidate scored credit marks in this question.

Most candidates failed to establish the legal requirements for a valid ratification.

QUESTION 3: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS

The candidates were required to:

- a) Explain the applicability of 'postal rule' under common law and under the law of contract of Tanzania in communication of acceptance of an offer
- b) Explain types of intentional torts.
- c) Explain the meaning and applicability of the maxim "*ex turpi causa non oritur actio.*"

Candidates' performance in this question was satisfactory. Out of 04 candidates who answered the question 02 (50%) candidates scored pass marks while the remaining 02 (50%) candidates failed. Out of those who passed 01 (25%) and 01(25%)candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates were not familiar with postal rules, also they failed to give the meaning of maxim "*ex turpi causa non oritur actio.*"

QUESTION 4: WRONGS ASSOCIATED WITH ACCOUNTING PROFESSION

Candidates were required to:

- (a) Discuss the institutional framework for preventing and fighting against money laundering in Tanzania.
- (b) Explain the stages of money laundering.
- (c) State basic laws for controlling cyber-crimes in Tanzania.
- (d) Write short notes on the following:
 - (i) Abuse of public office
 - (i) Forgery
 - (ii) Impersonation
 - (i) Theft

Candidates' performance in this question was satisfactory. Out of 23 candidates who answered the question, 18 (78.3%) candidates passed while the remaining 05 (21.7%) candidate failed. Out of those who passed 08 (34.8%), 08 (34.8%) and 02 (08.7%) candidates scored pass, credit and distinction marks respectively.

Some candidates did not understand the meaning of institutional framework, however candidate's performance in this question was good.

QUESTION 5: COMPANIES

The candidates were required to use their legal opinion on the following issues:

- a) Whether Mrs. X can petition to given primary court to dissolve the company as she is no longer interested to be part of the company anymore
- b) The procedures to follow if the company is to be wound up voluntarily
- c) Suppose that no winding up has to take place, but Mr. and Mrs. X have passed away, can the company continue to exist and operate.

Candidates' performance in this question was not satisfactory. Out of 19 candidates who answered the question, 09 (47.4%) candidates passed while the remaining 10 (52.6%) candidate failed. Out of those who passed 03 (15.8%), 05 (26.3%) and 01 (5.3%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to comprehend the main theme of the question which is the jurisdiction of the court.

QUESTION 6: COMPANIES

The candidates were required to:

- a) Explain salient features of a company limited by shares
- b) Write short notes on the following:
 - (i) Secured debenture
 - (i) Unsecured debenture
 - (ii) Redeemable debenture
 - (iii) Irredeemable debenture
 - (iv) Deferred shares

Candidates' performance in this question was satisfactory. Out of 19 candidates who answered the question, 09 (47.4%) candidates passed while the remaining 10 (52.6%) candidates failed. Out of those who passed 04 (21.1%), 03 (15.8%) and 02 (10.5%) candidates scored pass, credit and distinction marks respectively.

Most of the candidates failed to capture the meaning of silent features and some failed to explain the meaning of deferred shares.

QUESTION 7: PARTNERSHIP

The candidates were required to:

- (a) Explain types of partners.
- (b) Describe duties and rights of a partner.
- (c) Explain consequences of dissolution of a partnership

Candidates' performance in this question was satisfactory. All 24 (100%) candidates who answered the question passed. Candidates 01 (4.1%), 07 (29.2%) and 16 (66.7%) scored pass, credit and distinction marks respectively.

Majority of the candidates fail to explain the consequences of dissolution of partnership and; also failed to distinguish between and duties of partner.

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 25 candidates who answered the examination, 22 (88.0%) candidates passed while the remaining 03 (12.0%) candidates failed. Out of those who passed 13 (52%), 07 (28%) and 02 (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)	03	13	07	02	25
PERCENTAGE	12.0	52.0	28.0	8.0	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: FINANCIAL ANALYSIS AND INTERPRETATION

Candidates were required to use the given scenario to:

- a) Analyze the information provided and comment on the views expressed by Board Chairperson in terms of:
 - (i) Growth in dividends per share
 - (ii) Share price growth
 - (iii) Growth in earning per share
- b) Calculate the total shareholder return (dividend yield plus capital growth) for a given year and comment on findings.
- c) Discuss factors that should be considered when deciding on a management remuneration package that will encourage the directors of a given company to maximize the wealth of shareholders.

Candidates' performance in this question was not satisfactory. Out of 129 candidates who answered the question only 05 (3.9%) candidates passed while the remaining 124 (96.1%) candidates failed. No candidates scored credit and distinction marks.

Majority of the candidates lacked the required skills which could enable them to perform various analysis using stock market ratios.

QUESTION 2: WORKING CAPITAL MANAGEMENT; INVESTMENT APPRAISAL

Candidates were required to:

- a) Use the given information to:
 - (i) Explain the concept of “factoring” and how it differs from traditional financing methods like bank loans and explain key advantages of factoring for businesses seeking working capital.
 - (ii) Explain potential effects of factoring on customer relationships and ways to mitigate any negative consequences.
 - (iii) Explain the differences between “recourse factoring” and “non-recourse factoring” arrangements and discuss the risks and benefits associated with each.
- b) Evaluate the two projects using the Net Present Value (NPV) and advise the company in which project to invest in.

Candidates’ performance in this question was satisfactory. Out of 125 candidates who answered the question 105 (84.0%) candidates passed while the remaining 20 (16.0%) candidates failed. Out of those who passed 31 (29.5%), 47 (44.8%) and 27 (25.7%) candidates scored pass, credit and distinction marks respectively.

No major weakness noted in his question.

QUESTION 3: ISSUES OF NEW CAPITAL

Candidates were required to:

- a) Use the given information;
 - (i) To describe the circumstances under which given company may opt for preferred shares rather than ordinary shares.
 - (ii) To discuss the advantages of issuing preferred shares from the company’s and shareholders’ point of view.
- b) Prepare a brief report advising the Board of a given company on the best alternative.

Candidates’ performance in this question was not satisfactory. Out of 102 candidates who answered the question only 03 (3.0%) candidates passed while the remaining 99 (97.0%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates lack skills of making analysis, report writing and estimation of the cost of various forms of financing.

QUESTION 4: DIVIDEND POLICY ;WORKING CAPITAL MANAGEMENT

Candidates were required to:

- (a) Use given information;
 - (i) Assess the role of dividend payout as signals of a company's financial health and future prospects, and also discuss how investors interpret different payout ratios
 - (ii) Explain the potential reasons for companies to reduce dividends. Analyze how investors react to a dividend cut and discuss its potential impact on a company's stock price and shareholder's wealth.
 - (iii) Discuss the impact of tax policies on dividend decisions by both companies and individual investors and analyze how changes in tax rates can influence dividend policy and shareholder behavior.
 - (iv) Evaluate the trade-offs between paying dividends and using retained earnings for investment opportunities and debt reduction and how it can affect company's growth potential and risk profile.
- (b) Evaluate the options and advise XYZ Retail Store whether to buy at the Economic Order Quantity or at the discount offered by the supplier.

Candidates' performance in this question was not satisfactory. Out of 120 candidates who answered the question only 39 (32.5%) candidates scored pass marks while the remaining 81 (67.5%) candidates failed. Out of those who passed 32 (26.7%), 06 (5%) and 01 (0.83%) candidates scored pass, credit and distinction marks respectively.

Majority of the candidates were unable to explain the role of dividend payout ratio as a signal of financial health.

QUESTION 5: WORKING CAPITAL MANAGEMENT; INVESTMENT DECISIONS

Candidates were required to:

- (a) Use given information;
 - (i) Compare and contrast aggressive and conservative working capital management policies and analyze their impact on a company's liquidity, profitability and risk.

- (ii) Evaluate the use of accounts receivable and accounts payable management to optimize working capital, taking into account the impact on the cash conversion cycle.
- (b) Evaluate the viability of the project and comment on your findings.

Candidates' performance in this question was not satisfactory. Out of 119 candidates who answered the question, 05 (4.2%) candidates passed while the remaining 114 (95.8%) candidates failed. No candidates scored credit and distinction marks. All 5 candidates scored the pass marks.

Majority of the candidates failed to contrast various capital strategies and their impact on liquidities, profitability and risk; also, they failed to evaluate the reliabilities of the project.

QUESTION 6: TIME VALUE OF MONEY; COST OF CAPITAL

Candidates were required to:

- (a) Use the given information to:
 - (i) Calculate the annual instalment that would be payable under the bank loan and prepare a loan amortization schedule showing the interest and principal in each repayment for the four.
 - (ii) Estimate the before-tax rate of return to the lessor implied by the terms of the proposed lease agreement; and explain how does it compare with the rate of interest on the bank loan.
 - (iii) Discuss advantages to a company for leasing the equipment rather than acquiring it with a bank loan.
- (b) Use the given information:
 - (i) With supporting assumptions and calculations, evaluate the likely effect on the weighted average cost of capital of a given company, if the company restructures its capital under the assumption of no corporate tax and under the assumption of a 35% corporate tax.
 - (ii) To discuss possible weakness in the Finance Director's view that the market prices of both equity and debenture will not change.

Candidates' performance in this question was not satisfactory. All 50(100%) candidates who answered this question, candidates failed.

Most candidates failed to calculate annual installment under bank loan.

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 question was satisfactory. Out of 129 candidates who answered the question, 58 (45.0%) candidates passed. All 58 (45%) who passed scored pass marks.

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)	71	58	00	00	129
PERCENTAGE	55.0	45.0	0.0	0.0	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:

QUESTION1: THEORETICAL CONCEPTS OF TAXATION;INCOME TAX; PUBLIC EXPENDITURE.

Candidates were required to use the given scenario:

- (a) Calculate Mr. X taxable income for the given year. (Ignoring any item which is exempt or excluded in taxable computation calculations.
- (b) Provide a concise explanation of how an individual can acquire the status of a "Resident" for tax purposes.
- (c) Give strong arguments against rate reductions as a stimulant to post covid economic recovery.

Candidates' performance in this question was satisfactory. Out of 56 candidates who answered the question, 38 (68.0%) candidates passed while the remaining 18 (32.0%) candidates failed. Out of those who passed 26 (46.4%), 11 (19.6%) and 01 (1.8%) candidates scored pass, credit and distinction marks respectively.

Candidates found it hard to understand the requirement of residential state, apply correct tax rate for corporation and individuals, as a result they confused by applying tax rate for individual to corporation.

QUESTION 2: PRINCIPLES OF DEDUCTION;

DEPRECIATION OF DEPRECIATABLE ASSET; INDIVIDUAL INCOME.

Candidates were required to use the given scenario to:

- a) Calculate the depreciation allowance.
- b) Calculate the taxable income as well as the amount of income tax of the
- c) business for the given year of income.

Candidates' performance in this question was satisfactory. Out of 40 candidates who answered the question, 31 (77.5%) candidates passed while the remaining 09 (22.5%) candidates failed. Out of those who passed 17 (43%) and 14(35%) candidates scored pass and credit and marks respectively. No candidate scores a distinction marks.

Majority of the candidates did not have adequate understanding of the third schedule of income tax; as a result the failed to compute depreciated.

QUESTION 3: NON-COMPLIANCE WITH INCOME TAX ACT

Candidates were required to compute the taxes paid including interests and penalties where applicable in respect of given year of income

Candidates' performance in this question was not satisfactory. Out of 47 candidates who answered the question 21 (45.0%) candidates passed while the remaining 26 (55.0%) candidates failed. Out of those who passed 11 (52.4%),03(14.3) and 07 (33.3%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to apply relevant penalties for non-compliance of tax requirements.

QUESTION 4: FISCAL AND MONENTARY POLICY;

STAMP DUTIES

Candidates were required to use the given information to:

- a) Briefly explain what is all about monetary policy.
- b) Describe objectives of monetary policy in the economy.
- c) Describe tools or instruments used by central banks to stabilize the economy.
- d) Describe instruments chargeable with stamp duties

Candidates' performance in this question was satisfactory. Out of 42 candidates who answered the question, 25 (60%) candidates passed while the remaining 17 (40.0%) candidates failed. Out of those who passed 08 (38.1%) and 02 (9.5%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates did not understand the requirements of the question.

QUESTION 5: INTRODUCTION TO VAT;

NON-COMPLIANCE WITH INCOME TAX ACT

Candidates were required to use the given information to:

- a) Calculate VAT amount payable in respect of each month; and all figures to be VAT inclusive.
- b) Elaborate activities exempted from VAT in Tanzania as per Value Added Tax (VAT) Act, Cap.148.
- c) Elucidate advantages and disadvantages of such changes.
- d) Describe methods of charging excise taxes.

Candidates' performance in this question was not satisfactory. Out of 53 candidates who answered the question, 12 (22.6%) candidates passed while the remaining 41 (77.4%) candidates failed. Out of those who passed 21 (39.6%), 17 (32.1%) and 03 (5.7%) candidates scored pass, credit and distinction marks respectively.

Most of the candidates failed to compute the input and output of VAT.

QUESTION 6: CUSTOMS

Candidates were required to:

- (a) Explain the six valuation methods as per East Africa Community Customs Management Act.
- (b) Assist the director to understand functions of the customs department.

Candidates' performance in this question was satisfactory. Out of 42 candidates who answered the question, 32 (76.2%) candidates passed while the remaining 10 (23.8%) candidates failed. Out of those who passed 5 (11.9%), 09(21.4%) and 18 (42.9%) candidates scored pass, credit and distinction marks respectively.

Majority of the candidates were unable to understand the valuation method and customs department functions.

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 question was satisfactory. Out of 56 candidates who answered the question, 46 (82.1%) candidates scored pass marks while the remaining 10 (17.9%) candidates failed. Out of those passed 38 (67.9%) 07 (12.5) and 01 (1.8%) scored pass and credit marks respectively.

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	38	07	01	56
PERCENTAGE	17.9	67.9	21.5	1.8	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 of five questions in Section B

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

The following topics were tested in this paper:

QUESTION 1: DECISIONS-MAKING TECHNIQUES

Candidates were required to use the given information to:-

- (a) Produce a table showing the expected contribution for each of the nine possible outcomes for given company.
- (b) Use the information in the scenario to illustrate the implication of maximax, maximin and minimax regret decision. (Show all calculations)
- (c) Explain the use of "expected values" and suggest how the given company could make use of this technique.
- (d) Explain briefly any four (4) factors influencing pricing decisions.

Candidates' performance in this question was not satisfactory. Out of 140 candidates who answered the question only 17 (12.1%) candidates passed while the remaining 123 (87.9%) candidates failed. Out of those who passed 15 (10.7%) and 02 (1.4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

A number of candidates failed to make the use of the prescribed decision criteria, with some even failing to calculate the possible payoffs.

QUESTION 2: ACTIVITY BASED COSTING

Candidates were required to use the given information to:

- (a) Calculate the Present Costs of Product PRIN1 and PRIN2 using Activity Based Costing (ABC) system.
- (b) Compute the manufacturing costs of PRIN1 Mod and PRIN2 Mod using ABC system.
- (c) Show how the costs calculated in (b) above compare with the target costs and recommend way-forward.
- (d) Explain the usefulness of target costing in performance management.

Candidates' performance in this question was satisfactory. Out of 98 candidates who answered the question, 46 (46.9%) candidates passed while the remaining 52 (53.1%) candidates failed. Out of those who passed 04 (4.1%), 29 (29.6%) and 13 (13.3%) candidates scored pass, credit and distinction marks respectively.

Some candidates did not study the topic, hence failed to attempt the question which was very fair.

QUESTION 3: BUDGETARY PLANNING AND CONTROL

Candidates were required to use the given information to:

- (a) Comment on the statement, clearly showing the role of flexible budgeting in cost management and control.
- (b) Prepare the Cash Budget of given Company for the second quarter of the year, showing the cash balance for each month in the quarter.

Candidates' performance in this question was satisfactory. Out of 137 candidates who answered the question, 51 (37.2%) candidates passed while the remaining 86 (62.8%) candidates failed. Out of those who passed 40 (29.2%) and 11 (8.0%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to come up with appropriate computations of cash payments and receipts as per given explanation/details. And some failed to demonstrate knowledge on flexible budgets.

QUESTION 4: STANDARD COST AND VARIANCE ANALYSIS

Candidates were required to use the given information to:

- (a) Calculate the following variances:
 - (i) Material price variance.
 - (ii) Material usage variance.
 - (iii) Material mix variance
 - (iv) Material yield variance
- (b) Explain the relevance of planning and operational variances in performance management.

Candidates' performance in this question was not satisfactory. Out of 127 candidates who answered the question only 16 (12.6%) candidates passed while the remaining 111 (87.4%) candidates failed. Out of those who passed 14 (11.0%), 01 (0.8%) and 01 (0.8%) candidates scored pass, credit and distinction marks respectively.

Most of candidates failed, however the question was fair.

QUESTION 5: PERFORMANCE MEASUREMENT AND CONTROL

Candidates were required to use the given information to:-

- (a) Compute the Return On Investment (ROI), Profit Margin and Assets Turnover for each given years.
- (b) Suppose that in the given year the sales and operating income are achieved as expected, but inventories remained at the same level as in given year, compute ROI, Profit Margin and Assets Turnover. Explain the change in ROI compared to given year level.
- (c) Suppose that the sales and net operating income for given year remained the same as in given year but inventory reductions were achieved as projected, compute ROI, Profit Margin and Assets Turnover. Explain the change in ROI compared to given year level.
- (d) Assume that all the expectations for given year were realized. Compute ROI, Profit Margin and Assets Turnover. Explain the change in ROI compared to given year level.

Candidates' performance in this question was not satisfactory. Out of 65 candidates who answered the question only 12 (18.5%) candidates passed while the remaining 53 (81.5%) candidates failed. Out of those who passed 05 (7.7%), 05 (7.7%) and 02 (3.1%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to understand the requirements of the question.

QUESTION 6: COST ACCOUNTING TECHNIQUES, DECISION MAKING TECHNIQUES; PERFORMANCE MEASUREMENT AND CONTROL; STANDARD COSTING & VARIANCE ANALYSIS

Candidates were required to:

- (a) Explain the arguments for the use of “traditional absorption costing” rather than “marginal costing” for profit reporting and inventory valuation .
- (b) “Calculation of variances in standard costing is not an end in itself, but a means to an end.” Discuss.
- (c) Differentiate between the “Balanced Scorecard” and “Traditional Approach” of performance measurement in a typical organization.
- (d) Candidates were required to use the given information to:
 - (i) Explain the application of CVP analysis to a street grocery operator.
 - (ii) Explain any four (4) assumptions of which the model operates.

Candidates' performance in this question was satisfactory. Out of 133 candidates who answered the question, 55 (41.4%) candidates passed while the remaining 78 (58.7%) candidates failed. Out of those who passed 40 (30.1%) and 15 (11.3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to appropriately demonstrate application of CVP analysis.

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. The paper had a good mixture of theoretical and computational questions.

(b) Candidates' overall performance

Candidates' performance in this question was satisfactory. Out of 140 candidates who answered the question, 64 (45.7%) candidates scored pass marks while the remaining 76 (54.3%) candidates failed. Out of those who passed 58 (41.4%) and 6 (4.3%) candidates scored pass and credit marks respectively.

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)	76	58	06	00	140
PERCENTAGE	54.3	41.4	4.3	0.0	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 corporatereports by entities, both in the private and public sectors.

II: STRUCTURE OF THE QUESTION 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

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 the group Consolidated Statement of Profit or Loss and Other Comprehensive Income for the given company in the given period.

Candidates' performance in this question was not satisfactory. Out of 236 candidates who answered the question only 10 (4.2%) candidate scored pass marks while the remaining 226 (95.8%) candidates failed.

Candidates were unable to do necessary workings for most consolidation items. Some of the prepared them in a way showing they were lacking elementary concepts of the topics.

QUESTION 2: REPORTING THE FINANCIAL PERFORMANCE OF ENTITIES

Candidates were required to use given information to: -

- (a) With reference to the relevant International Financial Reporting Standards (IFRSs), advise the directors of the given company whether the fair valuation of the investment property is in line with IFRSs and how to account for the change in use of the property in the financial statements of given company as of given date.

- (b) With reference to the relevant International Financial Reporting Standards (IFRSs), advise the directors of the given company on how to account for the above intangible assets on the acquisition of the given company.
- (c) With reference to the relevant International Financial Reporting Standards (IFRSs), advise the directors of the given company as to whether the CGU's value has been impaired.

Candidates' performance in this question was satisfactory. Out of 189 candidates who answered the question, 86 (45.5%) candidates passed while the remaining 103 (54.5%) candidates failed. Out of those who passed 57 (30.2%), 23 (12.2%) and 06 (3.2%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed in subsequent measurement of investment property and impairment calculation.

QUESTION 3: REPORTING THE FINANCIAL PERFORMANCE OF ENTITIES; LEASES, FINANCIAL INSTRUMENTS, AND REVENUE FROM CONTRACTS WITH CUSTOMERS.

Candidates were required to use given information to: Advise the given company on how the above transactions should be dealt with in its financial statements. With reference to the relevant International Financial Reporting Standards (IFRSs),

Candidates' performance in this question was not satisfactory. Out of 191 candidates who answered the question only 34 (17.8%) candidates passed while the remaining 157 (82.2%) candidates failed. Out of those who passed 27 (14.1%) and 07 (3.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Candidates attempted the question using broad concepts when failing to nail down some of those concepts to specific requirements of the question thus triggering a mass failure. Even whenever a candidate tried to be specific one was not exhaustive to the requirements.

QUESTION 4: IAS 19: EMPLOYEE BENEFIT, IAS 2 : INVENTORIES, IAS 12 : INCOME TAXES AND IAS 21: THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE AND ACCOUNTING FOR FOREIGN ENTITIES.

Candidates were required to use the given information to:

- (a) Explain and show how the transactions described above should be accounted for and reported in the financial statements of the given company for the given period.
- (b) Explain and show how the transactions described above should be accounted for and reported in the financial statements of the given company for the given period.
- (c) Recommend, with brief explanations, the correct financial reporting treatment of the above transactions in the given company's financial statements for the given time.

Candidates' performance in this question was satisfactory. Out of 210 candidates who answered the question, 46 (21.9%) candidates passed while the remaining 164 (78.1%) candidates failed. Out of those who passed 41 (18.5%) and 05 (2.4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some Candidates did not prepare well with this topic.

QUESTION 5: IAS 16: PPE AND PROFESSIONAL ETHICS & DUTIES OF ACCOUNTANT

Candidates were required to use the give information to:

- (a)
 - (i) Explain and show how the lease of machine would be reported in the financial statements of the given company for the given period.
 - (ii) Explain and show how the purchase of property would be reported in the financial statements of the given company for the given period.
- (b)
 - (i) Justify the possible ethical principles that might have been breached and its effect on productivity.
 - (ii) Recommend the possible actions to be taken in dealing with this ethical dilemma.

Candidates' performance in this question was satisfactory. Out of 228 candidates who answered the question, 48 (21.1%) candidates passed while the remaining 180 (78.9%) candidates failed. Out of those who passed 46 (20.0%) and 02 (0.9%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some Candidates expressed poor understanding of the accounting standards.

QUESTION 6: FINANCIAL & BUSINESS ANALYSIS (RATIOS)

Candidates were required to use the given information to:

- (a) Explain and compute the adjustments that would be appropriate in respect of Notes 1 and 2 so as to make the financial statements of the given companies comparable for analysis.
- (b) Recalculate the four (4) key ratios mentioned in the question for both the given companies after making the adjustments you have recommended in your answer to part (a). You should provide appropriate workings to support your calculations.
- (c) In the light of the work that you have carried out in answer to parts (a) and (b) above, evaluate your assistant's conclusion that a more detailed review of the given company should be carried out, with a view to making a bid to acquire it.

Candidates' performance in this question was not satisfactory. Out of 158 candidates who answered the question only 01 (0.6%) candidates scored pass marks while the remaining 157 (99.4%) candidates failed. There were neither credit nor distinction marks in this question.

Candidates shown poor coverage of this topic.

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 236 candidates who answered the examination only 60 (25.4%) scored pass marks while the remaining 176 (74.6%) candidates failed. No candidates scored neither credit nor distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 9.1.1

TABLE 9.1.1

C1 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
NO. OF CANDIDATES (FREQUENCY)	176	60	00	00	236
PERCENTAGE	74.6	25.4	0.0	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 products and 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 five questions. Question one was compulsory.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

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

QUESTION 1: MERGERS AND ACQUISITION; INTERNATIONAL INVESTMENT ANALYSIS AND INTERNATIONAL PARITY RELATIONSHIP

- (a) Candidates were required to use the given situation to explain the reasons and theoretical logic as to why each of the situation can happen.
- (b) Candidates were also required to use the given information to:
 - (i) Evaluate the potential gain or loss resulting from the acquisition and advise the Management of the given company based on the findings.
 - (ii) Estimate the cost of the acquisition if the given company pays TZS.2,500 in cash for each share of the given company.
 - (iii) Calculate the cost of the acquisition if the given company offers one share of the given company for every three shares of the given company.
 - (iv) Evaluate how the cost of the cash offer and the share offer would change if the expected growth rate of the given company were not changed by the merger.
- (c) Candidates were further required to discuss any three (3) factors that contribute to an internationally diversified portfolio having lower beta.

Candidates' performance in this question was not satisfactory. Out of 187 candidates who answered the question only 06 (3.0%) candidates scored pass marks while the remaining 181 (97.0%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates failed to apply the parity condition and to evaluate the acquisition proposition especially using shares.

QUESTION 2: INTERNATIONAL BUSINESS ENVIRONMENT AND MANAGING RISK

- (a) Candidates were required to use the given information to Advise a given company on where to invest in.
- (b) Candidates were also required to write an internal memo to the Managing Director (MD) describing the nature of the Agency Problem in a Multinational Company.
- (c) Candidates were also required to use the given information to:
 - (i) If the TZS. is expected to appreciate against £ by 2% in the next months, what would be the given company's strategy in terms of leading and lagging and by how much would the company benefit from this strategy?
 - (ii) If the TZS. was to depreciate against £ by 2% in the next month and by a further 1% in the second month, how would the given company's strategy probably change and what would the resulting benefit be?
 - (iii) Comment on the limitations of leading and lagging payments.

Candidates' performance in this question was not satisfactory. Out of 167 candidates who answered the question only 39 (23.0%) candidates scored pass marks while the remaining 128 (77.0%) candidates failed. There were neither credit nor distinction marks in this question.

Majority candidates failed to advice investment using risk and return tradeoff and fail to use leading and lagging for risk management.

QUESTION 3: INTERNATIONAL BUSINESS ENVIRONMENT; INTERNATIONAL INVESTMENT APPRAISAL.

- (a) Candidates were required to use the given information to:
- (i) Discuss the justifications for multinational firms making investments in such economies.
 - (ii) Discuss the nature of any two (2) political risks that a foreign company is likely to face in such economies and describe any two (2) strategies that multinational companies can adopt to limit the effects of political risk.
- (b) Candidates were also required to use the given information to:
- (i) Calculate and comment on the economic viability of Tanzania project by:
 - Discounting annual cash flows in £ sterling.
 - Discounting annual cash flows in TZS using an adjusted discount rate.
 - (ii) State why the two methods give similar or different answers.

Candidates' performance in this question was satisfactory. Out of 170 candidates who answered the question, 87 (51%) candidates passed while the remaining 83 (49.0%) candidates failed. Out of those who passed 68 (40.0%), 17 (10.0%) and 02 (1.0%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed in evaluation of the capital budgeting.

QUESTION 4: INTERNATIONAL DIVERSIFICATION; BLOCK CHAIN TECHNOLOGY AND THE CAPITAL ASSET PRICING MODEL.

- (a) Candidates were required to use the given information to describe any three (3) benefits that could accrue to a multinational corporation that uses cryptocurrencies in conducting international business.
- (b) Candidates were also required to use the given information to:
- (i) Explain what will happen to the returns and risks of the given company investments as it starts investing in the foreign stocks.

- (ii) Compute the risk and return of the given company investments if it holds 70 percent in domestic stocks and 30 percent in the foreign stock.
- (iii) Compute the risk and return of the given company investments if it holds 40 percent in domestic stocks and 60 percent in foreign stocks.
- (iv) Assuming no other risks, comment on the appropriate range of weights for the domestic and foreign stocks.

Candidates' performance in this question was satisfactory. Out of 165 candidates who answered the question, 114 (69.1%) candidates passed while the remaining 51 (30.1%) candidates failed. Out of those who passed 89 (53.9%), 24 (14.5%) and 01 (0.6%) candidates scored pass, credit and distinction marks respectively.

Some of the candidate failed to comment on the appropriate range of weights for the domestic & foreign stocks.

QUESTION 5: FINANCIAL ENGINEERING AND PLANNING , MANAGING RISK & MERGER & ACQUISITION

- (a) Candidates were required to use the given information to:
 - (i) Illustrate the steps to be taken by the company to benefit from a possible forward – spot speculation. Suppose Green Plc strongly believe that the spot rate in one month time is likely to be £:US\$1.9130 – 90.
 - (ii) Calculate the actual profit or lost from speculation should the actual spot rate in one month's time turn out to be £:US\$1.7140 – 80. Assume that the given company can buy and sell £1,000,000.
- (b) Candidates were further required to use the given information to Compare and contrast future contracts and forward contracts. For each, point out the situation in which it is mostly useful.
- (c) Candidates were required to use the given information to:
 - (i) A discussion of the implications that the takeover will have on the Earning Per Share (EPS) and Assets Per Share (APS) of the individual companies.
 - (ii) Advise the shareholders of the given company whether to accept the bid or not.

- (iii) Recommendation of the terms of a revised share exchange when P/E Ratio approach is used to value the given company.

Candidates' performance in this question was not satisfactory. Out of 79 candidates who answered the question only 06 (7.6%) candidates scored pass marks while the remaining 73 (92.4%) candidates failed. There were neither credit nor distinction marks in this question.

Those who failed were not able to determine the implications of the takeover on EPS and APS

QUESTION 6: BUSINESS VALUATION, FDI AND INTERNATIONAL BUSINESS ENVIROMENT

- (a) Candidates were required to Discuss any four (4) arguments that FDIs can spur economic growth in host developing economies.
- (b) Candidates were required to use the given information to:
 - (i) Calculate the per share and total intrinsic value of the given company's equity as at the given date using the dividend growth model. State whether the company's share was overvalued or undervalued.
 - (ii) Calculate the per share and total intrinsic value of the given company's equity as at the given date using the earnings yield method. State whether the company's share was overvalued or undervalued.
 - (iii) Discuss any three (3) relative merits of dividend growth model and the earning yield method as a way of valuing the given company.

Candidates' performance in this question was satisfactory. Out of 167 candidates who answered the question, 117 (70.1%) candidates passed while the remaining 50 (29.9%) candidates failed. Out of those who passed 96 (57.5%), 19 (11.4%) and 02 (1.2%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to calculate the total intrinsic value of company's equity.

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 question was satisfactory. Out of 187 candidates who answered the question, 109 (58.3%) candidates passed while the remaining 78 (41.7%) candidates failed. Out of those who passed 107 (57.2%) and 02 (1.1%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

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)	78	107	02	00	187
PERCENTAGE	41.7	57.2	1.1	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. Candidates were required to answer five questions. Question one was compulsory.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

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

QUESTION 1: TAX REFORMS, INTERNATIONAL TAXATION AND VAT

- (a) Candidates were required to Identify eight (8) tax reforms and amendments proposed in the Tanzania Finance Act, Cap.148 of 2023 on Value Added Tax Act, Cap.148, Skills Development Levy (SDL) and on the National Payment System Act and the Electronic and Postal Communication Act (EPCA).
- (b) Candidates were required to use the given information to State four (4) activities which may be undertaken by the given company in the URT without giving rise to a permanent establishment in the URT.
- (c) Candidates were also required to use the given information to:
 - (i) Explain any four (4) offences, related to EFDs in Tanzania's tax laws.
 - (ii) State the penalty to a trader who fails to issue an EFD receipt as required by the law.
- (d) Candidates were further required to discuss any four (4) objectives achieved by having provisions relating to international taxation in tax laws.

Candidates' performance in this question was satisfactory. Out of 60 candidates who answered the question, 35 (58.0%) candidates passed while the remaining 25 (42.0%) candidates failed. Out of those who passed 27 (45.0%) and 08 (13.0%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates are poor in explaining the tax concepts.

QUESTION 2: INTERNATIONAL DOUBLE TAXATION AND TRANSFER PRICING

- (a) Candidates were required to Prepare a brief discussion with the given company management entailing essential steps to be performed in preparing transfer pricing documents to justify the fees to be charged by your firm.
- (b) Candidates were further required to use the given information to compute the magnitude of economic double taxation suffered by the given company.

Candidates' performance in this question was not satisfactory. Out of 24 candidates who answered the question only 03 (12.0%) candidates scored pass marks while the remaining 21 (88.0%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates lack knowledge on transfer pricing issues and computation of double taxation.

QUESTION 3: INSURANCE INCOME, VAT REFUNDS AND FILLING

- (a) Candidates were required to use the given information to Compute the taxable income of the company for 2023 year of income.
- (b) Candidates were also required to:
 - (i) Identify four (4) important documents to be submitted for a VAT refund to be effected.
 - (ii) With reference to the Value Added Tax Act, Cap.148, specify the circumstances under which VAT paid by a taxable person on business inputs cannot be treated as deductible Input Tax in determining the person's tax liability.
 - (iii) Explain consequences of not meeting the filing and payments requirements of VAT.

Candidates' performance in this question was satisfactory. Out of 60 candidates who answered the question, 51 (85.0%) candidates passed while the remaining 09 (15.0%) candidates failed. Out of those who passed 28 (47.0%), 20 (33.0%) and 03 (5.0%) candidates scored pass, credit and distinction marks respectively.

Some candidates demonstrate poor skills in essay writings.

QUESTION 4: VALUE ADDED TAX AND INTERNATIONAL TAX PLANNING AND AVOIDANCE

- (a) Candidates were required to use the given information to explain any four (4) factors used in identifying a tax haven.
- (b) Explain any five (5) challenges encountered in application of the arm's length principle.
- (c) Prepare a Value Added Tax (VAT) Account for the given period for the given company Investments.
- (d) Briefly discuss the concept of "aggressive tax planning".

Candidates' performance in this question was satisfactory. Out of 59 candidates who answered the question, 34 (58.0%) candidates passed while the remaining 25 (42.0%) candidates failed. Out of those who passed 19 (56%), 14 (41.0%) and 01 (3.0%) candidates scored pass, credit and distinction marks respectively.

Some candidates were not aware of the OECD model and challenges of applying the arm's length principle.

QUESTION 5: CORPORATE BUSINESS INCOME AND TAXATION OF PETROLEUM OPERATIONS

- (a) Candidates were required to use the given information to:
 - (i) Define "money laundering".
 - (ii) Explain various recommendations, legislation and regulations initiated internationally to combat money laundering.
- (b) Candidates were required to use the given information to discuss fully the under listed revenue types from Upstream Petroleum Operations:
 - (i) Carried interest
 - (ii) Additional carried interest.
 - (iii) Additional oil/gas entitlement.
- (c) Candidate were also required to use the given information to:
 - (i) Determine the chargeable income from business for the given period of assessment.
 - (ii) Calculate the tax liability of the company for given period assessment year, if any.

Candidates' performance in this question was satisfactory. Out of 52 candidates who answered the question, 24 (46.0%) candidates passed while the remaining 28 (54.0%) candidates failed. Out of those who passed 23 (96.0%) and 01 (4.0%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates lack understanding of the taxation of oil/gas.

QUESTION 6: TAXATION OF CHARITABLE BUSINESS AND CONTROLLED FOREIGN CORPORATIONS AND TRUSTS

- (a) Candidates were required to use the given information to Calculate the tax liability of this organization as per Income Tax Act, Cap.332.
- (b) Candidates were required to use the given information to:
 - (i) Calculate the unallocated income and taxable income of the given company in relation with its investment in the given company. that is based in Angola.
 - (ii) Determine the tax payable by the given company in relation to its income from the investments.

Candidates' performance in this question was satisfactory. Out of 45 candidates who answered the question, 19 (42.0%) candidates passed while the remaining 26 (58.0%) candidates failed. Out of those who passed 16 (84.0%) and 03 (16.0%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

A number of candidates do not have a good understanding of taxation of multinational corporation and in computation of charitable organization.

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 question was satisfactory. Out of 60 candidates who answered the question, 33 (55.0%) candidates passed while the remaining 27 (45.0%) candidates failed. Out of those who passed 32 (53.3%) and 297 (1.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

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)	27	32	01	00	60
PERCENTAGE	45	53.3	1.7	0.0	100

