



**(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA**

EXAMINERS' AND PERFORMANCE REPORT 17TH MID-SESSION – FEBRUARY

2024

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CHAPTER ONE

1.1 Foreword

The NBAA Education and Training By-laws (2023) requires every person who has obtained his/her CPA equivalent professional qualification outside Tanzania to register and sit for the examination papers (subjects) that contain local contents in order to get permission 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 17th 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 17TH MID-SESSION EXAMINATION FEBRUARY 2024

2.1 Preamble:

The Board conducts its mid-session examinations twice in a year during the months of February and August. In this 17th Mid-session examination, examinations were conducted from Monday 19th February to Friday 23rd February 2024.

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 17TH MIDSESSION EXAMINATIONS

Subject	No. of candidates
A5 Business Law	15
B1 Financial Management	131
B4 Public Finance and Taxation	50
B5 Performance Management	130
C1 Corporate Reporting	146
C2 Auditing and Assurance Services	89
C3 Business and Corporate Finance	122
C4 Advanced Taxation	57

2.3 Overall Candidates Performance

Overall candidates' performance for the February 2024 examination session is as shown in Table 2.

**Table 2: Overall Candidates' Performance 17th Mid-session Examinations
February 2024**

SUBJECT	NO. PAPER S	PASS	%	FAILED	%
A5 Business Law	15	09	60.0	06	40.0
B1 Financial Management	131	42	32.1	89	67.9
B4 Public Finance and Taxation	50	33	66.0	17	34.0
B5 Performance Management	130	55	42.3	75	57.7
C1 Corporate Reporting	146	39	26.7	107	73.3
C2 Auditing and Assurance Services	89	57	64.0	32	36.0
C3 Business and Corporate Finance	122	62	50.8	60	49.2
C4 Advanced Taxation	57	38	66.7	19	33.3

2.4 Examination Results

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

In this 17th Mid-session examinations seventy-four (74) candidates qualified for the award of letters of examination success and CPA (T) Certificate. Among them 41 (55.4%) are female and 33 (44.6%) are male.

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

In this 17th Mid-session examinations three (03) candidates qualified for the award of letters of examination success and CPA (T) Equivalent Certificate. Among them 02 (66.7%) are female and 01 (33.3%) is a male.

2.4.3 Candidates required to repeat failed subjects

(i)	Business Law	-	06 candidates
(ii)	B1 Financial Management	-	89 candidates
(iii)	B4 Public Finance and Taxation	-	17 candidates
(iv)	B5 Performance Management	-	75 candidates
(v)	C1 Corporate Reporting	-	107 candidates
(vi)	C2 Auditing and Assurance Services	-	32 candidates
(vii)	C3 Business and Corporate Finance	-	60 candidates
(viii)	C4 Advanced Taxation	-	19 candidates

CUMULATION OF ACCOUNTING GRADUATES CREATED BY THE BOARD UP TO FEBRUARY 2024

In an effort to meet the demand of the highly needed accounting personnel in the country, the Board has been able to create cumulatively 27,620 Accounting Graduates since its inception in May 1975.

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

Certified Public Accountants CPA (T)	12,962
(2) Certified Public accountants CPA (T) Equivalent	299
National Accountancy Diploma (NAD) (Phased out in November 1991)	1,537
National Book-keeping Certificate (NABOCE) (phased out in May 1991)	5,746
Basic Book-keeping Certificate (BBC) (phased out in November 1990)	2,971
Accounting Technician Certificate (ATEC)	4,245

EXAMINATION SESSION	BBC		NABOCE		ATEC		NAD		CP A		CPA (T) EQUIVALENT		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	-	2971	-	5746	28	4,021	-	1537	354	10,255	16	201	398	24,546

(AUGUST)2020														
92 ND SESSION NOVEMBER 2020	-	2971	-	5746	14	4,035	-	153 7	243	10,49 8	09	210	266	24,812
93 RD MAY 2021	-	2971	-	5746	29	4,064	-	153 7	278	10,77 6	13	223	320	25,132
94 TH SESSION NOVEMBER 2021	-	2971	-	5746	44	4,108	-	153 7	261	11,15 9	11	241	316	25,577
13 TH MID-SESSION FEBRUARY 2022	-	2971	-	5746	44	4,108	-	153 7	71	11,23 0	04	245	75	25,652
95 TH SESSION MAY 2022	-	2971	-	5746	46	4,154	-	153 7	387	11,61 6	18	263	451	26,103
14 TH MID SESSION – AUGUST 2022	-	2971	-	5746	-	4,154	-	153 7	128	11,74 4	06	269	134	26,237
96 TH SESSION NOVEMBER 2022	-	2971	-	5746	38	4,192	-	153 7	343	12,08 7	12	280	393	26,630
15 TH MID SESSION- FEBRUARY 2023	-	2971	-	5746	-	4,192	-	153 7	66	12,15 3	00	280	66	26,696
97 TH SESSION MAY 2023	-	2971	-	5746	43	4,235	-	153 7	394	12,54 7	04	284	441	27,137
16 TH MID SESSION AUGUST 2023	-	2971	-	5746	-	4,192	-	153 7	105	12,65 2	02	286	107	27,244
98 TH NOVEMBER 2023	-	2971	-	5746	53	4,245	-	153 7	236	12,88 8	10	296	299	27,543
17 TH MID SESSION FEBRUARY 2024	-	2971	-	5746	53	4,245	-	153 7	74	12,96 2	03	299	77	27,620

Note: (An extract from May 1975 to February 2024)

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: GENERAL INTRODUCTION TO LAW

Candidates were required to:

- (a) Explain any four (4) purposes of law in any society.
- (b) Explain the classification of law in Tanzania.
- (c) Briefly explain the doctrine of precedent and differentiate between binding and persuasive precedents.

Candidates' performance in this question was satisfactory. Out of 15 candidates who answered the question 08 (54.4%) candidates passed while the remaining 07 (47.7%) candidates failed. Out of those who passed 07 (47.7%) and 01 (6.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to demonstrate their understanding of the meaning of precedent particularly the difference between binding and persuasive precedents.

QUESTION 2: LAW OF CONTRACT

The candidates were required to:

- (a) Explain the type, meaning and application of the doctrine of *non est factum* in the formation contracts.
- (b) Briefly explain any three (3) factors that may vitiate a contract.
- (c) What do you understand by the rule of privity of contract and what are the exceptions.

Candidates' performance in this question was not satisfactory. Out of 05 candidates who answered the question only 01 (20.0%) candidates scored pass marks while the remaining 4 (80.0%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates failed to explain clearly the rule of privity to contract particularly its exceptions.

QUESTION 3: LAW OF TORT

The candidates were required to:

- a) Explain the meaning and types of intentional torts. Explain types of intentional torts.
- b) Explain the legal principles stated in the given case.

Candidates' performance in this question was not satisfactory. Out of 03 candidates who answered the question only 01 (33.3%) candidates scored pass marks while the remaining 2 (66.7%) candidates failed. There were neither credit nor distinction marks in this question.

Candidates failed to demonstrate their understanding of the intentional torts as well as the principle laid down in the given case.

QUESTION 4: BANKING LAW

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

- (a) Assuming that you are the Branch Manager at a branch where the given person is seeking to make her transaction, explain whether or not you would allow her to withdraw the money, and why.

- (b) Assuming that the subject account was in the name of only the given person, how would you advise the given person, the spouse to the now deceased account holder, on how to access the funds on her husband's account.

Candidates' performance in this question was satisfactory. Out of 10 candidates who answered the question, 07 (70.0%) candidates passed while the remaining 03 (30.0%) candidate failed. Out of those who passed 06 (60.0%) and 01 (10.0%) candidates scored pass and distinction marks respectively.

Some candidates did not understand the principle of surviving account holder in a joint bank account.

QUESTION 5: COMPANIES LAW

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

- (a) Explain the rights of a cumulative preferential shareholder in case of winding up or liquidation of a company.
- (b) Explain the concept of secured debenture and the right of a secured creditor in this case.
- (c) Explain to them the concept of corporate legal personality and how it applies in their situation.
- (d) State any four (4) duties of directors of a company.

Candidates' performance in this question was satisfactory. Out of 14 candidates who answered the question, 12 (85.7%) candidates passed while the remaining 02 (14.3%) candidates failed. Out of those who passed 04 (28.6%), 04 (28.6%) and 04 (28.7%) 6 scored pass, credit and distinction marks respectively.

Some candidates failed to explain clearly, the rights of a cumulative preferential shareholder in case of winding up a company.

QUESTION 6: FORMS OF BUSINESS ASSOCIATIONS

The candidates were required to:

- (a) Explain with a care precedence what is meant by the term 'the veil of incorporation'.
- (b) Explain at least three (3) reasons for lifting of the veil of incorporation.
- (c) Advise him on the pros and cons of each form of business establishment.

Candidates' performance in this question was satisfactory. Out of 12 candidates who answered the question, 11 (91.7%) candidates passed while the remaining 01 (8.3%) candidates failed. Out of those who passed 03 (25.0%), 06 (50.0%) and 02 (16.7%) candidates scored pass, credit and distinction marks respectively. Some of the candidates failed to demonstrate clearly their understanding of different forms of business associations.

QUESTION 7: PARTNERSHIP

The candidates were required to:

- (a) Identify four (4) circumstances in which a company may be wound up by a court.
- (b) Explain the difference between a “compulsory” and voluntary” liquidation and how each is commenced.
- (c) What are the liabilities of directors for continuing to the trade whilst the company is in financial difficulties?
- (d) Explain four (4) types of partners.

Candidates' performance in this question was satisfactory. Out of 15 candidates who answered the question, 08 (53.3%) candidates passed while the remaining 07 (46.7%) candidates failed. Out of those who passed 07 (46.7%) and 01 (6.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of the candidates failed to explain the liabilities of director's for continuing to trade while the company is in financial difficult.

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 15 candidates who answered the examination, 09 (60.0%) candidates passed while the remaining 06 (40.0%) candidates failed. Out of those who passed 07 (46.7%) and

02 (13.3%) 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)	06	07	02	00	15
PERCENTAGE	40.0	46.7	13.3	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: CAPITAL BUDGETING

Candidates were required to use the given scenario to:

- (a) Evaluate the proposed projects using:
 - (i) NPV based on WCL's existing WACC of 10%.
 - (ii) NPV based on risk adjusted WACC using PPC as a given company in respect of business risk.
 - (iii) the adjusted present value.
- (b) Evaluate the potential financial benefits of the project. Your answer should include a discussion on the appropriateness of each of the methods used in part (a) to appraise the project.
- (c) Discuss Advise the directors of WCL whether they should proceed with the project.

Candidates' performance in this question was not satisfactory where all 131 candidates who answered the question failed.

Majority of the candidates failed to calculate according to the requirements.

QUESTION 2: FINANCIAL PLANNING AND FORECASTING, PORTFOLIO MANAGEMENT

Candidates were required to:

- (a) Use the given information to:
 - (i) Estimate the funding which the company requires to raise from external sources to support the sales growth.
 - (ii) The company is thinking of changing the dividend payout ratio to 30 percent to increase its plowback. Assess the effect of this decision on external funds needed.
 - (iii) Estimate the amount of assets of the company at the new sales level and explain if the firm is operating at full capacity or not.
 - (iv) Estimate the external financing required for the sales growth in the second year.

- (b) Use the given information to:
 - (i) Compute the portfolio expected return.
 - (ii) Comment on possible correlation among the stock's returns.
 - (iii) If the expected Treasury bill rate is 3.8%, what is the expected risk premium on the portfolio?

Candidates' performance in this question was not satisfactory. Out of 122 candidates who answered the question only 31 (25.4%) candidates passed while the remaining 91 (74.6%) candidates failed. Out of those who passed 26 (21.3%) and 05 (4.1%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of the candidates failed to interpret and comments on the correlation of the stocks.

QUESTION 3: COST OF CAPITAL

Candidates were required to:

- (a) Use the given information;
 - (i) Calculate the current market value of the company.

 - (ii) Assume that the given Company has introduced debt in its capital structure by issuing 10%, bonds valued at TZS.5,000,000. Using the Modigliani and Miller framework determine:
 - The market value of the company;

- The Market Value of Equity;
- The Debt-Equity Ratio; and
- The Market Value per share.

(iii) Calculate the degree of operating leverage of sales of TZS.20,000,000 and the degree of financial leverage at EBIT generated at the TZS.20,000,000 sales level. Interpret your results in each case.

(b) With examples, briefly discuss how the level of gearing of a company influences the perception of non-financial stakeholders towards the riskiness of a company.

Candidates' performance in this question was not satisfactory. Out of 96 candidates who answered the question only 23 (24.0%) candidates passed while the remaining 73 (76.0%) candidates failed. Out of those who passed 16 (16.7%) and 07 (7.3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates lack skills on calculation of market value of the company, market value of equity and market price per share.

QUESTION 4: WORKING CAPITAL MANAGEMENT

Candidates were required to:

- (a) Use given information;
- (i) Calculate the following in respect of the given company:
- Cash operating cycle at the beginning of the given year.
 - The overdraft expected at the end of given year.
 - The current ratios at the start and end of given year.
- (ii) Discuss any three (3) techniques that a given company could use in managing trade receivables.
- (b) Discuss any three (3) key financial management decisions and how each relates to the maximization of value of the firm.

Candidates' performance in this question was satisfactory. Out of 113 candidates who answered the question, 70 (62.0%) candidates passed while the remaining 43

(38.0%) candidates failed. Out of those who passed 57 (50.0%), 12 (11.0%) and 01 (0.9%) candidates scored pass, credit and distinction marks respectively.

Some of the candidates failed to attempt calculation part of the question.

QUESTION 5: FINANCIAL DECISION

Candidates were required to:

- (a) Discuss any five (5) considerations that a Board of Directors needs to be informed of and take into account to ensure effective financial control when making short-term plans for an organization.
- (b) Use the given information to;
 - (i) Using a relevant theory, calculate the market price when:
 - Dividend is declared; and
 - Dividend is not declared.
 - (ii) Assume the income for the year is TZS.150,000,000. Determine the number of additional shares the given company will have to issue under both situations in (i) above in order to finance the investment if the given company proposes an investment of TZS.372,000,000.

Candidates' performance in this question was satisfactory. Out of 108 candidates who answered the question, 43(40.0%) candidates passed while the remaining 65 (60.0%) candidates failed. Out of those who passed 27 (25.0%), 07 (6.0%) and 09 (8.0%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to calculate number of additional shares as required.

QUESTION 6: INVESTMENT AND PORTFOLIO THEORY

Candidates were required to:

- (a) Discuss the given statement.
- (b) Use the given information to answer the following:
 - (i) Aside from the issue of general movements in the market, which investor had a better performing stock?
 - (ii) Notwithstanding your response in (i) above, if the government bond rate were 6% and the market return during the period was 14%, which investor would have a superior stock selection?

- (c) Use the given information to;
- (i) Compute the expected return of an equity weighted portfolio.
 - (ii) Explain what will happen to the variance as N gets larger, and outline the main determinant(s) of the risk of a well-diversified portfolio.

Candidates' performance in this question was not satisfactory. Out of 85 candidates who answered the question only 05 (6.0%) candidates passed while the remaining 80 (94.0%) candidates failed. Out of those who passed 04 (4.7%) and 01 (1.2%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidates failed to attempt part (a) of the question, as it requires them to discuss a statement.

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 not satisfactory. Out of 131 candidates who answered the question only 42 (32.1%) candidates passed. while the remaining 89 (67.9%) candidates failed. Among those who passed 38 (29.0%) and 04 (3.1%) 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 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)	89	38	04	00	131
PERCENTAGE	67.9	29.0	3.1	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: COMPUTATION OF BUSINESS INCOME

Candidates were required to use the given scenario:

- (a) Mention at least four (4) assets pooled under class one and four (4) assets pooled under class two.
- (b) Being a Tax Consultant, you are required to establish total income and tax liability for the given person for the given year, assuming that the given person's monthly income from employment is TZS.5,000,000 and he paid installment tax of TZS.3,000,000 each quarter in relation to income from business.

Candidates' performance in this question was not satisfactory. Out of 50 candidates who answered the question only 17 (34.0%) candidates scored pass marks while the remaining 33 (66.0%) candidates failed. There were neither credit nor distinction marks in this question.

Candidates found it hard to understand the requirement of the tax laws applicable to business income.

QUESTION 2: FISCAL AND MONENTARY POLICY

Candidates were required to use the given scenario to:

- (a) Briefly explain any four (4) limitations of fiscal policy.
- (b) Briefly describe implications of externalities on an economy.
- (c) Explain briefly any five (5) arguments for such preference.

Candidates' performance in this question was satisfactory. Out of 40 candidates who answered the question, 37 (92.5%) candidates passed while the remaining 03 (7.5%) candidates failed. Out of those who passed 14 (35.0%), 14 (35.0%) and 09 (22.5%) candidates scored pass, credit and distinction marks respectively.

Some candidates have demonstrated poorly understanding of the question requirements.

QUESTION 3: NON-COMPLIANCE WITH INCOME TAX ACT

Candidates were required to use the given information to assist the given person to clarify the tax implications of the given events and calculate any resulting penalties, interest and principal taxes paid at each specific payment date.

Candidates' performance in this question was not satisfactory. Out of 36 candidates who answered the question only 08 (22.2%) candidates passed while the remaining 28 (77.8%) candidates failed. Out of those who passed 03 (8.3%), 04 (11.1%) and 01 (2.8%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to apply relevant tax laws.

QUESTION 4: COMPUTATION OF EMPLOYMENT INCOME

Candidates were required to use the given information to:

- (a) Explain both general and specific requirements on valuation of benefits in kind as per Income Tax Act, (Cap 332).
- (b) Calculate the total taxable income for the given person for the given Income year.

Candidates' performance in this question was satisfactory. Out of 48 candidates who answered the question, 40 (83.3%) candidates passed while the remaining 08 (16.7%) candidates failed. Out of those who passed 26 (54.2%), 13(27.1%) and 01 (2.1%) candidates scored pass, credit and distinction marks respectively.

Some candidates did not understand the requirements of the question.

QUESTION 5: INTRODUCTION TO VAT; TAX PLANNING & TAX EVASION

Candidates were required to use the given information to:

- (a) Describe four (4) conditions under which a person should be registered or request registration for VAT in Tanzania.
- (b)
 - (i) Discuss the impact of such deregistration to the given person.
 - (ii) Discuss any other conditions or circumstances (apart from threshold) that may compel the Commissioner to deregister a person from VAT.
- (c) Explain any four (4) reasons prevalence of tax evasion in most developing countries.

Candidates' performance in this question was satisfactory. Out of 50 candidates who answered the question, 33 (66.0%) candidates passed while the remaining 17 (34.0%) candidates failed. Out of those who passed 12 (24.0%), 18(36.0%) and 03 (6.0%) candidates scored pass, credit and distinction marks respectively. Some of the candidates failed to apply tax laws.

QUESTION 6: CUSTOMS

Candidates were required to use the given information to:

- (a)
 - (i) Explain the general procedures attached to clearance of goods.
 - (ii) Discuss the clearance process of the importation of drone camera into the given country by the given company, a registered business in the given country.
 - (iii) What will be the conditions attached to that importation if the item in (ii) above is imported by a tourist arriving for the first time in Tanzania and is expecting to stay for a period of only the given time?
- (b)
 - (i) What is the position of the law if the goods are not removed from the custom warehouse after the notice of removal?
 - (ii) If the goods were not removed until the expiration of the statutory days and are sold by auction, how will the proceeds be divided?

- (iii) What happens if the goods cannot be sold by auction or other means by the custom officer?

Candidates' performance in this question was not satisfactory. Out of 26 candidates who answered the question only 02 (7.7%) candidates scored pass marks while the remaining 24 (92.3%) candidates failed. There were neither credit nor distinction marks in this question.

Majority of the candidates were unable to understand the custom laws on the removal of good overstayed.

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 50 candidates who answered the question, 33 (66.0%) candidates passed while the remaining 17 (34.0%) candidates failed. Out of those who passed 31 (62.0%) and 02 (4.0%) 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 8.1.7

TABLE 8.1.7

B4 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	17	31	02	00	50
PERCENTAGE	34.0	62.0	4.0	00	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: BUDGETING PLANNING AND CONTROL ; STANDARD COSTING AND CONTROL

Candidates were required to use the given information to :-

- (a) Discuss any six (6) practical uses of planning and operational variances and show how the concept compares with flexible budgets.
- (b) Prepare a cash budget for the given company on a monthly basis, for the given period commencing on the given date (Clearly show the closing cash balance at the end of each month and state its implications)

Candidates' performance in this question was not satisfactory. Out of 130 candidates who answered the question only 30 (23.1%) candidates passed while the remaining 100 (76.9%) candidates failed. Out of those who passed 27 (20.8%) and 03 (2.3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of candidates have poor computational skills for cash budget figures.

QUESTION 2: DECISION-MAKING TECHNIQUES

Candidates were required to use the given information to:

- (a) Advise the given person on the allocation of the farming land to different fruits production and calculate the total profit that would accrue if your advice is followed.
- (b) The given person has heard that it is possible to make use of Cost-Volume-Profit (CVP) analysis in deciding on how much of each fruit to produce. Write down points to explain uses of CVP and whether or not it can be applied in given person's situation.

Candidates' performance in this question was not satisfactory. Out of 108 candidates who answered the question, 03 (2.8%) candidates passed while the remaining 105 (97.2%) candidates failed. Out of those who passed 01 (0.9%) and 02 (1.9%) candidates scored pass and credit marks respectively. No candidate score distinction marks in this question.

Most candidates failed to pay appropriate attention to details and use appropriate decision criteria and giving general CVP assumptions without attempting to relate the same to the given scenario as required.

QUESTION 3: COST CLASSIFICATION AND ESTIMATES; DECISION MAKING TECHNIQUES

Candidates were required to use the given information to:

- (a) Using an appropriate format, write a memo to the given company Board of Directors describing the "target costing process" and possible "benefits" that the given company would get on adopting the target costing method.
- (b) Determine the price that the given company should quote on the tender.
- (c) Discuss any four (4) practical benefits of the Information Communication Technology (ICT) in organizational performance management.

Candidates' performance in this question was not satisfactory. Out of 103 candidates who answered the question, 37 (35.9%) candidates passed while the remaining 66 (64.1%) candidates failed. Out of those who passed 35 (33.9%) and 02 (1.9%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to identify the relevant costs for decision making for, and most of them failed to describe target costing process.

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) Advise a given person on how variances can be used in improving business performance.

Candidates' performance in this question was not satisfactory. Out of 119 candidates who answered the question only 40 (33.6%) candidates passed while the remaining 79 (66.4%) candidates failed. Out of those who passed 24 (20.1%), 09 (7.6%) and 07 (5.8%) candidates scored pass, credit and distinction marks respectively.

Most of candidates failed to calculate material variance.

QUESTION 5: PERFORMANCE MEASUREMENT AND CONTROL

Candidates were required to use the given information to:

- (a) Prepare the Income Statement for the given company (in a format similar to the one presented above) for the final quarter of the given year. Assume that revenues and operating results are identical to the third quarter except that the given person has dropped the low-margin product line.

- (b) Evaluate whether the given company is better off from dropping the low-margin product line.

- (c) Evaluate whether the given person's performance is improved by dropping the low-margin product line and comment on the decision to drop the product.

- (d) Evaluate the choice of divisional profit as a performance measure by the management of the given company and recommend, with reasons, any two (2) alternative measures that you consider superior.

Candidates' performance in this question was not satisfactory. Out of 65 candidates who answered the question, 07 (10.7%) candidates passed while the remaining 58 (89.2%) candidates failed. Out of those who passed 05 (7.7%) and 02 (3.1%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to come up with appropriate figures after dropping the product line and failure to understand different divisional performance measures and their implications.

QUESTION 6: COST CLASSIFICATION AND ESTIMATION; PERFORMANCE MEASUREMENT AND CONTROL

Candidates were required to:

- (a) Advise her on how overheads are allocated under traditional costing and how the ABC overcomes the limitations of traditional costing.
- (b) Determine the product that the Manager of the given company will choose if she wants to maximize the profitability of the firm.
- (c) Briefly describe any three (3) issues that a typical company should consider if it decides to outsource or manufacture one of its future products.
- (d) Explain how the principles of 'beyond budgeting' promote a cultural framework that is suitable for the modern dynamic business environment.

Candidates' performance in this question was satisfactory. Out of 125 candidates who answered the question, 84 (67.2%) candidates passed while the remaining 41 (32.8%) candidates failed. Out of those who passed 35 (28.0%), 43 (34.4%) and 06 (4.8%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to explain clear what ABC is instead they confused with marginal costing and also failed to explain principles of beyond budgeting.

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 130 candidates who answered the question 55 (42.3%) candidates scored pass marks while the remaining 75 (57.3%) candidates failed. Among those who passed 52 (40.0%) and 03 (2.3%) candidates scored pass and credit marks respectively. There were no distinction marks in this subject 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)	75	52	03	00	130
PERCENTAGE	57.7	40.0	2.3	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 corporate reports 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;

- (a)(i) Discuss and apply the principles set out in *IAS 21: The Effects of Changes in Foreign Exchange Rates* in order to determine the functional currency of the given company.
 - (ii) Prepare a Consolidated Statement of Financial Position of the given group as at given date, in accordance with the International Financial Reporting Standards (IFRS), showing the exchange difference arising on the translation of the given company's net assets. Ignore deferred taxation.
- (b) Discuss the validity of the accounting treatment proposed by the given company and whether such a proposed treatment raises any ethical issues. Candidates' performance in this question was not satisfactory. Out of 146 candidates who answered the question only 57 (39.0%) candidates passed while the remaining 89 (61.0%) candidates failed. Out of those who passed 47 (32.2%), 09 (7.1%) and 01 (0.7%) candidates scored pass, credit and distinction marks respectively.

Candidates did not follow the instructions as given and apply accounting knowledge accordingly. They failed to convert the figures from TZS to UGS (Kibwe) and apply them by using the exchange rates given in the questions, those who managed- scored credit and distinction marks in this question.

QUESTION 2: REPORTING THE FINANCIAL PERFORMANCE OF ENTITIES

Candidates were required to use given information to: -

Discuss how the financial transactions should be dealt with in the financial statements of the given person for the given date. Treat each part independently.

Candidates' performance in this question was not satisfactory. Out of 126 candidates who answered the question, 44 (35.0%) candidates passed while the remaining 82 (65.0%) candidates failed. Out of those who passed 29 (23.0%), 12 (9.5%) and 03 (2.4%) candidates scored pass, credit and distinction marks respectively.

Most candidates lack knowledge of how to account for sale and lease back arrangements

QUESTION 3: IAS 20 ; ACCOUNTING FOR GOV GRANTS & DISCLOSURE OF GOV ASSISTANCE ; IAS 16 PPE, IFRS 5, IFRS FOR SMES (NON-CURRENT ASSETS)

Candidates were required to use given information to:

(a)

- (i) Discuss the requirements of *IAS 20: 'Accounting for Government Grants and Disclosure of Government Assistance'* with respect to government grants to aid capital expenditure. Your answer should cover the initial recognition and subsequent treatment of these grants.
- (ii) Discuss, by showing calculations and journal entries where relevant, how the given company should record the above transactions and events in its financial statements for the given dates.
- (iii) Advise on what accounting adjustments that would be necessary to become apparent at the given date when employment at the factory drops below 300 people.

(b)

- (i) With reference to *IFRS 5: Non-Current Assets Held for Sale*, discuss which criteria must be satisfied in order for a non-current asset to be classified as held for sale.
- (ii) Calculate the amounts that should be recognized in respect of this machine in the given company's Statement of Profit or Loss and Other Comprehensive Income for the given year and three months

ended in the given date and in its Statements of Financial Position as at the same dates.

- (c) With reference to the IFRS for SMEs, discuss how the above transactions should be dealt with in the financial statements of the given person.

Candidates' performance in this question was not satisfactory. Out of 132 candidates who answered the question only 16 (12.0%) candidates passed while the remaining 116 (78.0%) candidates failed. Out of those who passed 14 (11.0%) and 02 (2.0%) 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.

QUESTION 4: REPORTING THE FINANCIAL PERFORMANCE OF ENTITIES; REPORTING FOR SPECIALIZED ENTITIES & SPECIALIZED TRANSACTIONS

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.
- (i) Prepare a Statement of Financial Performance for the given company for the given year.
- (ii) Prepare a Statement of Financial Position of the given company as at the given date.
- (b) Advise the Directors if impairment has occurred and, if so, provide the accounting entry required to reflect the impairment in the financial statements for the year to the given date.
- (c)
- (d) Calculate the (basic) EPS figure for the given person (including comparatives) and the diluted EPS (comparatives not required) that would be disclosed for the given year.

Candidates' performance in this question was satisfactory. Out of 105 candidates who answered the question, 40 (38.0%) candidates passed while the remaining 65 (62.0%) candidates failed. Out of those who passed 31

(29.5%), 08 (7.6%) and 1 (1%) candidates scored pass, credit and distinction marks respectively.

Some candidates did not understand format and elements of the IPSAS based financial statements.

QUESTION 5: IAS 41: AGRICULTURE; IFRS2: SHARE BASED PAYMENTS; IAS 24: RELATED PARTY DISCLOSURES

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

- (a) According to *IAS 41: Agriculture*, what gain should be recognized in respect of the newborn sheep and the milk in the given company's financial statements for the year to the given year?
- (b) Show the impact of granting the share options on the financial statements of the given company for the given year. Ignore deferred tax.
- (c) In accordance with *IAS 24: Related Party Disclosures*, identify the related parties of the given company in the above scenario, explaining why each is a related party.

Candidates' performance in this question was not satisfactory. Out of 138 candidates who answered the question, 23 (17.0%) candidates passed while the remaining 115 (83.0%) candidates failed. Out of those who passed 16 (12.0%) and 07 (5.0%) 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: IFRS 9 FINANCIAL INSTRUMENTS, IAS 2 INVENTORIES ;IAS 37: PROVISION ,CONTIGENT ASSET & CONTIGENT LIABILITIES; IFRS3: BUSINESS COMBINATIONS

Candidates were required to use the given information to:

- (a) Provide answers to the questions raised by your Managing Director. Your answers should refer to relevant accounting standards of the International Financial Reporting Standards (IFRS) in each of the three above mentioned scenarios.
- (b) Explain how step acquisition should be accounted for as required by *IFRS 3: Business Combinations*.

- (c) Calculate gain on re-measurement of the 30% shareholding as at the given period and goodwill arising after the given company acquires additional 50% interest in other given company.

Candidates' performance in this question was not satisfactory. Out of 83 candidates who answered the question only 04 (5.0%) candidates scored pass marks while the remaining 79 (95.0%) candidates failed. There were neither credit nor distinction marks in this question.

Candidates showed 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 146 candidates who answered the examination only 39 (26.7%) scored pass marks while the remaining 107 (73.3%) candidates failed. Among those who passed 38 (26.0%) and 01 (0.7%) candidates scored pass and credit marks respectively. There were no distinction marks in this subject 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)	107	38	01	00	146
PERCENTAGE	73.3	26.0	0.7	0.0	100

C2 AUDITING AND ASSURANCE SERVICES

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to test candidates' ability to apply Auditing and assurance Standards and relevant laws in undertaking and managing auditing and assurance engagements in complex auditing and reporting situations.

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: ACCEPTING ENGAGEMENTS, ASSESSMENTS OF RISKS AND INTERNAL CONTROLS

- (a) Candidates were required to use the given situation to discuss the matters which the auditor should consider for each of the above client and the possible impact thereof on the respective audit reports.
- (b) Candidates were also required to use the given information to:
 - (i) Describe the five (5) deficiencies.
 - (ii) Recommend a control to address each of these deficiencies in (i) above.

Candidates' performance in this question was satisfactory. Out of 89 candidates who answered the question, 75 (84.3%) candidates passed while the remaining 14 (15.7%) candidates failed. Out of those who passed 32 (42.7%), 39 (52.0%) and 04 (5.3%) candidates scored pass, credit and distinction marks respectively.

Some candidates did not know how to differentiate the different types of audit opinion.

QUESTION 2: ASSESSMENT OF RISKS ; INTERNAL CONTROLS AND INTERNAL FINANCIAL CONTROLS

- (a) Candidates were required to use the given information to:
 - (i) Explain how each of the elements of audit risk would be affected by the above information relating the given company.
 - (ii) Describe the audit procedures which should take place regarding the cash management practices of the given company.

- (b) Candidates were also required to:
- (i) Explain why the procedure used to select debtor balances in prior audits was not suitable for use in the current audit of the given company.
 - (ii) Explain why the auditor would want to select for confirmation a sample of debtor balances existing for more than 89 days in the given company. What are the objectives?
 - (iii) Discuss whether the audit objectives you have mentioned in (ii) above can be achieved using statistical sampling techniques.
 - (iv) Evaluate the reasonableness of the auditor's assumption that the sample error rate is valid for the total population of debtors of the given company.

Candidates' performance in this question was not satisfactory. Out of 58 candidates who answered the question only 03 (5.2%) candidates scored pass marks while the remaining 55 (94.8%) candidates failed. There were neither credit nor distinction marks in this question.

Majority candidates failed to link the issue in the scenario with its effect on the elements of audit risk.

QUESTION 3: LEGAL REGULATORY AND ETHICAL ISSUES ; ASSESSMENT OF RISKS; INTERNAL CONTROLS AND INTERNAL FINANCIAL CONTROLS

- (a) Candidates were required to use the given information to:
- (i) Evaluate the ethical threats (real or perceived) which may affect the independence of your firms audit of the given person and for each threat recommend how it might be mitigated to a satisfactory level.
 - (ii) Discuss the benefits of an audit committee to a company.
- (b) Candidates were also required to use the given information to describe four (4) stages involved in reviewing controls and for each stage provide one (1) specific example of an activity linked to that stage.

Candidates' performance in this question was satisfactory. Out of 89 candidates who answered the question, 68 (76.4%) candidates passed while the remaining

21 (23.6%) candidates failed. Out of those who passed 54 (79.4%), 13 (19.1%) and 01 (1.5%) candidates scored pass, credit and distinction marks respectively.

Some candidates mixed up the categories of ethical treats and used them interchangeably.

QUESTION 4: EVALUATION OF ACCOUNTING TREATMENTS AND OTHER AUDIT CONSIDERATION; ACCEPTING ENGAGEMENT AND MANAGING ASSIGNMENTS

- (a) Candidates were required to use the given information to:
 - (i) Describe the factors that should be considered in determining whether the given company is a going concern or not.
 - (ii) Recommend the audit work required to assess if the going concern concept is appropriate in regard to the given year Financial Statements of the given company.
- (b) Candidates were also required to use the given information to evaluate five (5) risk considerations and issues for given company that should be identified prior to accepting this engagement.

Candidates' performance in this question was satisfactory. Out of 87 candidates who answered the question, 50 (57.5%) candidates passed while the remaining 37 (42.5%) candidates failed. Out of those who passed 34 (39.08%), 13 (14.5%) and 03 (3.4%) candidates scored pass, credit and distinction marks respectively.

Some of the candidates did not manage to come up with procedures for the assessment of going concern rather they come up with the ways for improving the going concern of the company.

QUESTION 5: PLANNING AND UNDERTAKING AUDIT WORK

- (a) Candidates were required to use the given information to explain any four (4) common verification procedures for examining the financial projections that the given person can consider for including in the control document
- (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.

- (i) Identify what a given person would consider while selecting a sample of account receivables for external confirmation.
 - (ii) As per *ISA 505: External confirmations*, explain to the given person what should be the auditors' responses when management refuses permission for the auditors to contact third parties for confirmation.
 - (iii) Analyze the confirmation result from the given person's working paper extract and describe additional audit work would you carry out on each result and comment obtained.
- (c) Candidates were required to use the given information to describe the audit procedures for the verification of contingent liability to the given company.

Candidates' performance in this question was not satisfactory. Out of 47 candidates who answered the question only 13 (27.7%) candidates passed while the remaining 34 (72.3%) candidates failed. Out of those who passed 10 (76.9%) and 03 (23.1%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Those who failed were not able to link properly the general knowledge of the external verification for account receivables with the information given in the scenario.

QUESTION 6: PLANNING AND UNDERTAKING AUDIT WORK

- (a) Candidates were required to;
- (i) State the difference between "auditing around the computer" and "auditing through the computer".
 - (ii) Describe four (4) benefits and three (3) challenges that your firm is likely to have while implementing the adoption of new software.
- (b) Candidates were required to use the given information to:
- (i) Calculate Describe how adequate audit planning benefits an audit of financial statements of the given company.
 - (ii) For any five (5) of the aspects of the given company operations outlined in the scenarios above, explain how they will affect the strategy for the audit of the company's financial statements for the given year.

Candidates' performance in this question was satisfactory. Out of 75 candidates who answered the question, 40 (53.3%) candidates passed while the remaining 35 (46.7%) candidates failed. Out of those who passed 24 (32.0%), 14 (18.7%) and 02 (2.7%) candidates scored pass, credit and distinction marks respectively.

Some candidates just provide theoretical concepts only rather than its practical applications.

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 89 candidates who answered the question, 57 (64.0%) candidates passed while the remaining 32 (36.0%) candidates failed. Out of those who passed 55 (61.8%) and 02 (2.2%) 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)	32	55	02	00	89
PERCENTAGE	36.0	61.8	2.2	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 DIVERSIFICATION & INTERNATIONAL CAPITAL ASSET PRICING MODEL

Candidates were required to use the given information to:

- (a) Discuss the validity of the issues raised by the Directors and propose measures to mitigate the associated risks.
- (b)
 - (i) Using the International Portfolio Theory which of the two foreign capital markets appears to be relatively riskier than the other?
 - (ii) Using the International Capital Assets Pricing Model (CAPM) which of the two foreign markets appears to be riskier relative to the TSM. Assume that the three markets are not integrated.
 - (iii) Based on your answers in (i) and (ii) above, which of the two foreign markets would you recommend to the given Company?

Candidates' performance in this question was not satisfactory. Out of 122 candidates who answered the question only 17 (14%) candidates passed while the remaining 105 (86%) candidates failed. Out of those who passed 14 (12%) and 03 (02%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to analyze the international investment opportunity.

QUESTION 2: BOND ANALYSIS AND MANAGING RISKS

- (a) Candidates were required to use the given information to Advise a given company on where to invest in.
- (i) Estimate the intrinsic bond price and duration of the given company's bond.
- (ii) Using the Duration Rule, estimate the bond price and the capital gain or loss at the time of selling the bond one year later if the market interest rate decreases from 7% to 6%.
- (b) (i) Calculate the amount in ZK that the given company will have to pay if the company hedges the £5m payment using the forward market. Calculate the cost savings realized if the actual spot rate in three months' time turns out to be ZK/£ 4,270 – 4,290.
- (ii) Calculate the net ZK receipts that the given company will receive if the company hedges the US\$1m receivables with the money market. Is the hedge advantageous in this case if the actual spot rate in three months' time turns out to be ZK/US\$ 3,170 – 3,190? Explain.
- (c) Discuss the principal risks faced by a company when using Over-the-Counter (OTC) Derivatives.

Candidates' performance in this question was not satisfactory. Out of 105 candidates who answered the question only 27 (26%) candidates passed while the remaining 78 (74%) candidates failed. Out of those who passed 21 (20%) and 06 (06%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of the candidates failed in money market hedge analysis.

QUESTION 3: BUSINESS VALUATION

- (a) Candidates were required to use the given information to discuss any four (4) reasons as to why there is need for and importance of business valuation.
- (b)
- (i) Determine the given company value based on:
- price-earnings multiple;
 - the sectors' return on equity;

- the dividend discount model; and
 - the net realizable value method.
- (ii) Comment on the differences in the results in (i) above.
- (iii) Explain why the assumption that both dividend and price will grow at the same rate may not hold all the time.

Candidates' performance in this question was not satisfactory. Out of 116 candidates who answered the question only 28 (24%) candidates passed while the remaining 88 (76%) candidates failed. Out of those who passed 21 (18%) and 07 (06%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed in evaluation of the capital budgeting.

QUESTION 4: INTERNATIONAL INVESTMENT APPRAISAL; BLOCK CHAIN TECHNOLOGY

- (a) Candidates were required to use the given information to Provide an appraisal of the two alternative investment proposals and advise the given company which of the two proposed investments to carry out.
- (b) Candidates were also required to use the given information to analyze the advantages and drawbacks of using blockchain in the financial services sector.

Candidates' performance in this question was satisfactory. Out of 118 candidates who answered the question, 64 (54%) candidates passed while the remaining 54 (46%) candidates failed. Out of those who passed 30 (25%), 21 (18%) and 13 (11%) candidates scored pass, credit and distinction marks respectively.

Some of the candidate failed in inflating exchange rate.

QUESTION 5: INTERNATION DIVERSIFICATION & INTERNATIONAL CAPM MERGER & ACQUISITION

- (a) Candidates were required to use the given information to describe any three (3) ways which an acquirer can use to pay for an acquisition. For each way, point out the situation in which it can be used as well as its possible weaknesses.

- (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.
 - (i) Compute the expected return of the portfolio based on the given probabilities and the required return based on the Capital Asset Pricing Model (CAPM).
 - (ii) Explain if it is worth investing in the projects and whether varying the weight of either project will affect the viability.
- (c) Candidates were required to use the given information to: Discuss and comment on the options available to the given company for financing the overseas operations.

Candidates' performance in this question was satisfactory. Out of 115 candidates who answered the question, 70 (61%) candidates passed while the remaining 45 (39%) candidates failed. Out of those who passed 39 (34%), 26 (23%) and 05 (04%) candidates scored pass, credit and distinction marks respectively.

Some candidates confused the concepts in C1; Corporate Reporting on consolidation (acquisition process) and actual merger and acquisition.

QUESTION 6: BUSINESS VALUATION, SWAP (INTEREST RATE) AND MANAGING RISK

- (a) Candidates were required to Discuss any four (4) arguments that FDI's can spur economic growth in host developing economies.
 - (i) Advise on the best alternative to use the space capacity.
 - (ii) Briefly explain the sensitivity of each alternative to change in costs of capital (assume a one-percentage point change in WACC).
- (b) Candidates were required to use the given information to: Calculate the net savings in percentage terms that will accrue to the two given companies and the swap bank as a result of entering into the interest rate swap agreement.
- (c)
 - (i) Explain to the Director about a "perfect hedge" and "imperfect hedge" and whether a perfect hedge always lead to a better outcome than an imperfect hedge.
 - (ii) State factors that may influence the decisions to be made by the Director in relation to the risks identified.

Candidates' performance in this question was not satisfactory. Out of 34 candidates who answered the question only 06 (18%) candidates passed while the remaining 28 (82%) candidates failed. Out of those who passed 05 (15%) and 01 (03%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to calculate NPV.

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 122 candidates who answered the question 62 (50.8%) candidates scored pass marks while the remaining 60 (49.2%) candidates failed. Among those who passed 57 (46.7%) and 05 (4.1%) scored pass and credit marks respectively. No candidate scored distinction marks in this subject 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)	60	57	05	00	122
PERCENTAGE	49.2	46.7	4.1	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: TAXATION OF PARTNERSHIP

- (a) Candidates were required to explain the rationale for the tests and identify any three (3) tests to prove existence of valid partnership.
- (b) Candidates were required to use the given information to calculate the taxable income of each partner in respect of the given year.

Candidates' performance in this question was satisfactory. Out of 57 candidates who answered the question, 32 (56.2%) candidates passed while the remaining 25 (43.8%) candidates failed. Out of those who passed 20 (35.1%) and 12 (21.1%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates lack understand of taxation of partnership.

QUESTION 2: TAXATION OF PETROLEUM OPERATIONS

- (a) Candidates were required to calculate the taxable income for the given company and the tax liability thereon for the given year of income.
- (b) Candidates were required to explain briefly the under listed revenue types from upstream petroleum operations:
 - (i) Carried interest
 - (ii) Additional carried interest
 - (iii) Additional oil/gas entitlement

- (c) Evaluate four (4) factors inhibiting efficient administration of Value Added Tax (VAT) in the United Republic of Tanzania.

Candidates' performance in this question was satisfactory. Out of 38 candidates who answered the question, 24 (63.2%) candidates scored pass marks while the remaining 14 (36.8%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates lack knowledge on calculation of petroleum operations.

QUESTION 3: INTERNATIONAL DOUBLE TAXATION & INTERNATIONAL TAX PLANNING

- (a) Candidates were required to use the given information to Compute the taxable income of the company for the given year of income.
- (i) Explain what is meant by the "international double taxation" and how does it happen?
 - (ii) The conventions on Double Taxation Agreements (DTAs) are international agreements that aim to eliminate or mitigate the impact of double taxation. Models for bilateral tax treaties between countries include models by the Organizations for Economic Co-operation and Development (OECD) and the United Nations. Briefly explain any five (5) key elements typically found in these models.
- (b) Candidates were also required to:
- (i) Citing two examples of countries considered as tax havens, evaluate any three (3) factors referred to in the above statement.
 - (ii) Explain the concepts 'tax arbitrage' and 'transfer pricing' in the context of international taxation system.

Candidates' performance in this question was satisfactory. Out of 51 candidates who answered the question, 35 (68.4%) candidates passed while the remaining 16(31.4%) candidates failed. Out of those who passed 23(45.1%), 09 (17.6%) and 03 (5.9%) candidates scored pass, credit and distinction marks respectively.

Some candidates demonstrate poor skills in tax laws.

QUESTION 4: VALUE ADDED TAX

- (a) Candidates were required to use the given information to calculate the amount of VAT payable/claimable for the month and state its due date.
- (b) Candidate were required to;
 - (i) Explain the condition to be met to allow an insurer to have decreasing adjustment.
 - (ii) Explain the limitations on decreasing adjustments referring to Section 72 of the Value Added Tax (Cap 148).

Candidates' performance in this question was not satisfactory where all 46 candidates who answered the question failed.

Most candidates have poor understanding on the Value Added Tax (VAT) concepts and computations.

QUESTION 5: TAX REFORMS

- (a) Candidates were required to use the given information to highlight any eight (8) reforms and amendments proposed in the United Republic of Tanzania's Finance Act of the given year with respect to Value Added Tax Act, (Cap 148), Vocational Education and Training Act (Cap 82), the National Payment System Act (2015) and the Electronic and Postal Communications Act (Cap 306).
- (b) Candidates were required to use the given information to;
 - (i) Explain briefly any five (5) reasons that justify introduction of electronic filing in Tanzania.
 - (ii) Explain any four (4) benefits of electronic filling.
 - (iii) Mention any six (6) documents that a taxpayer may file through electronic filing.

Candidates' performance in this question was satisfactory. Out of 44 candidates who answered the question, 40 (90.9%) candidates passed while the remaining 04 (9.1%) candidates failed. Out of those who passed 14 (31.8%), 22 (50%) and 09 (9.1%) candidates scored pass, credit and distinction marks respectively.

Few candidates lack understanding of the tax reforms.

QUESTION 6: SETTLEMENT OF DISPUTES

- (a) Candidates were required to use the given information to;
- (i) Write down the procedure that the company should follow if aggrieved with the Commissioner General's assessment.
 - (ii) Write down other avenues available if the company is not satisfied with the results of the procedure in (i) above.
- (b) Candidates were required to use the given information to demonstrate your awareness regarding best practices of tax ombudsman ship and state whether the existence of tax ombudsman office will clear taxpayer' grievances in Tanzania.

Candidates' performance in this question was satisfactory. Out of 49 candidates who answered the question, 36 (73.5%) candidates passed while the remaining 13 (26.5%) candidates failed. Out of those who passed 14 (28.6%), 18 (36.7%) and 04 (8.2%) candidates scored pass, credit and distinction marks respectively.

A number of candidates did not have a good understanding of the tax dispute resolution.

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 57 candidates who answered the question, 38 (66.7%) candidates scored pass marks while the remaining 19 (33.3%) candidates failed. Among those who passed 36 (63.2%) and 02 (3.5%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this subject 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)	19	36	02	00	57
PERCENTAGE	33.3	63.2	3.5	0.0	100

