



**(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND
AUDITORSTANZANIA**

EXAMINERS' AND PERFORMANCE REPORT 18TH MID-SESSION – AUGUST 2024

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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. The tested subjects were increased from three to eight in 2024.

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 18th 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 18TH MID-SESSION EXAMINATION AUGUST 2024

2.1 Preamble:

The Board conducts its mid-session examinations twice in a year during the months of February and August. In this 18th Mid-session examination, examinations were conducted from Monday 18th August to Friday 23rd August 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 18TH MIDSESSION EXAMINATIONS

Subject	No. of candidates
A5 Business Law	17
B1 Financial Management	123
B4 Public Finance and Taxation	63
B5 Performance Management	128
C1 Corporate Reporting	296
C2 Auditing and Assurance Services	179
C3 Business and Corporate Finance	211
C4 Advanced Taxation	133

2.3 Overall Candidates Performance

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

**Table 2: Overall Candidates' Performance 18th Mid-session Examinations
August 2024**

SUBJECT	NO. PAPERS	PASS		FAILED	
		No.	%	No.	%
A5 Business Law	17	17	100	0	0.0
B1 Financial Management	123	64	52.0	59	48.0
B4 Public Finance and Taxation	63	38	60.3	25	39.7
B5 Performance Management	128	54	42.2	74	57.8
C1 Corporate Reporting	296	107	36.1	189	63.9
C2 Auditing and Assurance	179	113	63.1	66	36.9
C3 Business & Corporate Finance	211	108	51.2	103	48.8
C4 Advanced Taxation	133	64	48.1	69	51.9

2.4 Examination Results

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

In this 18th Mid-session examinations 223 candidates qualified for the award of letters of examination success and CPA (T) Certificate. Among them 142 (63.7%) are female and 81 (36.3) are male.

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

In this 18th Mid-session examinations 04 candidates qualified for the award of letters of examination success and CPA (T) Equivalent Certificate. Among them 01 (25.0%) is a female and 03 (75.0%) are male.

2.4.3 Candidates required to repeat failed subjects

B1	B1 Financial Management	59
B4	B4 Public Finance and Taxation	25
B5	B5 Performance Management	74
C1	C1 Corporate Reporting	189
C2	C2 Auditing and Assurance	66
C3	C3 Business and Corporate Finance	103
C4	C4 Advanced Taxation	69

ACCOUNTING GRADUATES CREATED BY THE BOARD UP TO AUGUST 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 28,341 Accounting Graduates since its inception in May 1975.

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

Table 13: Summary of Accounting Graduates

Certified Public Accountants CPA (T)	13,580
Certified Public accountants CPA (T) Equivalent	313
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)	4,335

EXAMINATION SESSION	BBC		NABOCE		ATEC		NAD		CPA		CPA (T) EQUIVALENT		TOTAL	
	N O.	CUM.	NO.	CUM.	N O.	CUM	NO.	CUM.	N O.	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	43	4,235	-	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
98 TH NOVEMBER 2023	-	2971	-	5746	53	4,245	-	1537	236	12,888	10	296	299	27,543
17 TH MID SESSION FEBRUARY 2024	-	2971	-	5746	53	4,245	-	1537	74	12,962	03	299	77	27,620
99 TH MAY 2024	-	2971	-	5746	90	4,335	-	1537	394	13,357	10	309	494	28,114
18 TH MID SESSION AUGUST 2024	-	2971	-	5746	90	4,335	-	1537	223	13,580	04	313	227	28,341

Note: (An extract from May 1975 to August 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: THE LEGAL SYSTEM OF TANZANIA

Candidates were required to:

- (a) Analyze four (4) sources of business law in Tanzania.
- (b) Identify the hierarchy and jurisdictions of the courts in Mainland Tanzania.
- (c) Explain two (2) comparisons in the operations of the courts and tribunals in Tanzania.

Candidates' performance in this question was satisfactory. Out of 17 candidates who answered the question 16 (94.1%) candidates passed while the remaining 01 (5.9%) candidates failed. Out of those who passed 02 (11.8%), 05 (29.4%) and 09 (52.9%) candidates scored pass, credit and distinction marks respectively.

Few candidates failed to give similarities and differences of the courts and tribunals.

QUESTION 2: LAW OF CONTRACT

The candidates were required to use the given information to answer the following:

- (a)
 - i. Advise the given company whether there was a binding contract with the other given company.
 - ii. Would your answer differ in the following given two circumstances.
- (b) Discuss her legal position in Tanzania, whether or not she is entitled to the given amount per month as per agreement.

Candidates' performance in this question was satisfactory. Out of 05 candidates who answered the question, 02 (40%) candidates scored pass marks while the remaining 03 (60%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates failed to apply the knowledge acquired in solving contractual problems.

QUESTION 3: LAW OF NEGOTIABLE INSTRUMENTS

The candidates were required to:

- a) Use the given quotation to discuss:
 - (i.) Any four obligations of a banker arising from the banker/customer relationship.
 - (ii.) Any four circumstances in which the banker may refuse to make the payment of its customer's cheque.
- b) Use the above assertion to explain the following types of crossing of the cheque:
 - (i) General crossing
 - (ii) Special crossing
 - (iii) Not negotiable crossing
 - (iv) Restrictive crossing

Candidates' performance in this question was satisfactory. Out of 05 candidates who answered the question 02 (40%) candidates scored pass marks while the remaining 03 (60%) candidates failed. Out of those who passed 01 (20%) and 01(20%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some few candidates were not familiar with basic concepts associated with the topic.

QUESTION 4: EMPLOYMENT LAW

Candidates were required to:

- (a) Explain three types of employment contracts in Tanzania.
- (b) Explain important factors to be considered by an employer when considering the termination of employment contracts.
- (c) Explain the mechanisms for resolutions of employment disputes in Tanzania.

Candidates' performance in this question was satisfactory. Out of 13 candidates who answered the question 07 (53.8%) candidates scored pass marks while the remaining 06 (46.2%) candidates failed. Out of those who passed 02 (15.4%) and 05(38.4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates did not understand the meaning of "important factors to be considered" when considering termination.

QUESTION 5: FORMS OF BUSINESS ORGANISATIONS

The candidates were required to use the given information to answer the following:

- (a) Advise them on the key provisions of the law especially in connection with:
 - (i) Duration of partnership
 - (ii) Profit sharing
 - (iii) Retirement
 - (iv) Dissolution of partnership
- (b) Explore the Governing laws frameworks, management styles, liability considerations and tax implications associated with each entity type.
- (c) In the light of the quotation above, explain four (4) circumstances where the corporate veil can be lifted.

Candidates' performance in this question was satisfactory. Out of 15 candidates who answered the question, 15 (100%) candidates passed. Out of those who passed 02 (13.3%), 06 (40%) and 07 (46.7%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to remember basic issues in partnership.

QUESTION 6: COMPANIES

The candidates were required to use the given information to:

- (a) Briefly explain to the given person the roles and powers or significance of the following:
 - (i) Shareholders
 - (ii) Company's meetings
- (b) Briefly explain what is meant by:
 - (i) Voluntary liquidation.
 - (ii) Voting.
- (c) Describe how a shareholder may leave 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 07 (50%), 04 (28.6%) and 01 (7.1%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to define voluntary liquidation and describe how a shareholder may leave a company.

QUESTION 7: ETHICAL CONDUCTS FOR PROFESSIONAL ACCOUNTANTS

The candidates were required to use the given information to:

- (a) Describe five (5) fundamental principles of ethics for professional auditors and accountants in Tanzania.
- (b) Explain two (2) misconducts usually done by accountants who do not discharge their services professionally but which may attract criminal penalties
- (c) What are the consequences of non-compliance with the IFAC Code of Ethics?

Candidates' performance in this question was satisfactory. All 16 (100%) candidates who answered the question passed. Candidates 01 (6.2%), 04 (25%) and 11 (68.8%) scored pass, credit and distinction marks respectively.

Few candidates failed to mention all five fundamental principles and few failed to offer two points in section b.

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 17 candidates who answered the examination, all 17 (100%) candidates passed. Out of those who passed 07 (41.2%) and 10 (58.8%) 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)	00	07	10	00	17
PERCENTAGE	0.0	41.2	58.8	0.0	100

B1 FINANCIAL MANAGEMENT

I: PRINCIPAL LEARNING OUTCOME

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

II: STRUCTURE OF THE PAPER

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

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

The following topics were tested in this paper:

QUESTION 1: INTRODUCTION TO CORPORATE FINANCIAL DECISIONS ENVIRONMENT ; DIVIDEND POLICY

Candidates were required to:

- a) Discuss the relationship between investment decisions, dividend decisions and financing decisions in the context of financial management, illustrating your discussion with examples where appropriate.
- b) Use the given scenario to:
 - (i) Calculate the dividend yield, capital gain and total shareholder return for given years. Briefly discuss your findings with respect to the returns predicted by the CAPM and the other financial information provided.
 - (ii) Calculate and comment on the share price of given company using the dividend growth model in the following circumstances: based on the historical information provided and based on if the proposed change in dividend policy is implemented.

Candidates' performance in this question was not satisfactory. Out of 123 candidates who answered the question only 10 (8%) candidates passed while the remaining 113(92%) candidates failed. Out of those who passed 08 (6.5%) and 02 (1.6%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of the candidates does not even know the components of financial management and the way they relate.

QUESTION 2: WORKING CAPITAL MANAGEMENT; FINANCIAL FORECASTING

Candidates were required to:

- (a) Use the given information to answer the following:
 - (i) What would be the cash conversion cycle of given corporation for the third year of operation under the anticipated sales increase?
 - (ii) What is the amount of money that has been invested in the accounts receivables in the third year of the anticipated sales increase?
 - (iii) Comment on the amount of the account receivables investment over total investment amount if the investment in payables is of the given amount.
- (b) Prepare a cash budget for the given months and state if the firm will be able to purchase new equipment.

Candidates' performance in this question was not satisfactory where all 39 candidates who answered the question failed.

Candidates lack knowledge of the cash conversion cycle and their calculation and does not know how to prepare a cash budget

QUESTION 3: RISK AND RETURNS ANALYSIS ; INVESTMENT APPRAISAL

Candidates were required to use the given information to:

- (a) Differentiate between "Systematic risk", "Business risk" and "Financial risk".
- (b) Examine both models and recommend to the given company which of the two models to go ahead with.
- (c) Briefly explain the importance of knowing the overall cost of capital of a firm.

Candidates' performance in this question was satisfactory. Out of 107 candidates who answered the question, 62 (58%) candidates passed while the remaining 45 (42%) candidates failed. Out of those who passed 54 (50.5%), 05 (4.7%) and 03 (2.8%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed in determining the NPV of investments whose future cashflows are characterized by probabilities.

QUESTION 4: CORPORATE FINANCIAL DECISION ; COST OF CAPITAL

Candidates were required to:

- (a) Discuss any four (4) critical roles (decisions) of a Financial Manager of a typical corporate entity necessary for the achievement of its objectives, with practical examples.
- (b) Use given information to;

- (i) Estimate the company's cost of equity and cost of debt, using both the dividend valuation model and the Capital Asset pricing Model (CAPM).
- (ii) Comment on the difference, if any, between the cost of equity estimated by the two methods.

Candidates' performance in this question was satisfactory. Out of 120 candidates who answered the question, 85 (71%) candidates passed while the remaining 35 (29%) candidates failed. Out of those who passed 51 (43%), 28 (23%) and 06 (5%) candidates scored pass, credit and distinction marks respectively.

Some of the candidates were unable to explain why the two approaches of calculating cost of equity gave different results.

QUESTION 5: FINANCIAL FORECASTING; COST OF CAPITAL

Candidates were required to:

- (a) Explain what is meant by the term "Convertible debt" and present any three (3) advantages of a convertible debt compared to a bank loan of a similar maturity as a source of finance.
- (b) Use given information;
 - (i) Determine the external funds needed by the given Company and prepare a proforma Statement of Financial Position.
 - (ii) Explain the effect of each of the two alternatives being considered to reduce external financing requirement.

Candidates' performance in this question was not satisfactory. Out of 107 candidates who answered the question only 28 (26%) candidates passed while the remaining 79 (74%) candidates failed. Out of those who passed 20 (18.7%) and 08 (7.5%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of the candidates failed to explain different of two results using the two alternatives.

QUESTION 6: INVESTMENT DECISION

Candidates were required to use the given information to:

- (a) Determine the Net Present Value (NPV) of the proposed investment in product NGANAMUNA and comment on its financial viability.
- (b) Discuss the "Shareholders Wealth Maximization" as a core concept of corporate financial management.

Candidates' performance in this question was not satisfactory. Out of 121 candidates who answered the question only 43 (36%) candidates passed while the remaining 78 (64%) candidates failed. Out of those who passed 21 (17.9%), 10 (8.3%) and 12 (9.9%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to link the core concept of financial management of wealth maximization with other objective.

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 123 candidates who answered the question only 31 (26%) candidates passed while the remaining 92 (74%) candidates failed. Out of those who passed 28 (23%) and 03 (3%) 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 8.1.1

TABLE 8.1.1

B1 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	92	28	03	00	123
PERCENTAGE	74.0	23.0	3.0	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:

QUESTION 1: INDIVIDUAL BUSINESS INCOME

Candidates were required to use the given scenario:
Compute taxable income for the given year.

Candidates' performance in this question was satisfactory. Out of 63 candidates who answered the question, 46 (73.0%) candidates passed while the remaining 17 (27.0%) candidates failed. Out of those who passed 22 (35%), 19 (30%) and 05 (8%) candidates scored pass, credit and distinction marks respectively.

Candidates found it hard to understand the requirement of the question, The candidate start with the gross profit then she/he deduct the disallowable expenses instead of starting with profit to add back the disallowable expense.

QUESTION 2: CUSTOMS ; PAYMENT PROCEDURES OF TAX

Candidates were required to use the given scenario to:

- (a) Compute the following:
 - (i) Customs value in TZS.
 - (ii) Duty, taxes and levies collected by the Commissioner for customs given the import duty of 25%, excise duty of 10%, railways and development levy of 1.5%. Give reasons for any item not included in the computation.
- (b) Briefly explain the concept of withholding tax pinpointing any four (4) advantages and disadvantages.

Candidates' performance in this question was not satisfactory. Out of 57 candidates who answered the question only 8 (14%) candidates passed while the remaining 49 (86%) candidates failed. Out of those who passed 7 (12%) and 01 (1.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of the candidates did not have adequate understanding the question, Majority left some of the costs that were involved to make up. The custom value, they regard the CIF was only used to determine the customs value.

QUESTION 3: NATIONAL INCOME ACCOUNTING

Candidates were required to use the given information to:

- (a) Compute Net National Income for the given year using income approach.
- (b) What does the GDP of the given amount entail to the country's economic performance? (show calculations to support your answer).
- (c) Compute National Income using expenditure approach with given GDP as well as adjusted GDP.

Candidates' performance in this question was not satisfactory where all 37 candidates who answered the question failed.

Most candidates failed to understand the instruction of the question.

QUESTION 4: INPUT TAX CREDIT

Candidates were required to use the given information to:

- a) Calculate the amount of VAT due to TRA for the given month.
- b) Discuss five (5) practical challenges for having different regimes for VAT in Tanzania.
- c) Briefly identify persons liable to charge or pay Value Added Tax in Tanzania mainland.

Candidates' performance in this question was satisfactory. Out of 59 candidates who answered the question, 34 (57.6%) candidates passed while the remaining 25 (42.3%) candidates failed. Out of those who passed 22 (37.3%), 10 (17%) and 02 (3.4%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to understand the figure with VAT and those without VAT.

QUESTION 5: NON-COMPLIANCE WITH INCOME TAX ACT

Candidates were required to use the given information to:

- (a) Explain, with reference to Tax Administration Act Cap. 438:
 - (i) What is the due date to pay provisional tax for a trade whose year of income is April – March.
 - (ii) What you should do when you file estimates lower than the actual during the year.

- (b) Determine interest and penalty including any unpaid tax to be paid by the company.

Candidates' performance in this question was satisfactory. Out of 51 candidates who answered the question, 24 (47.1%) candidates passed while the remaining 27 (42.9%) candidates failed. Out of those who passed 12 (23.5%), 7 (13.7%) and 05 (9.8%) candidates scored pass, credit and distinction marks respectively.

Some of the candidates failed to understand the due dates and calculation of penalties & interest.

QUESTION 6: GOVERNMENT BUDGET

Candidates were required to:

- (a) Use the given information to:
- (i) Explain what Tanzania budget is all about and explain five (5) types of budget for a country.
 - (ii) Explain and give any five (5) reasons why a government can aim to have deficit financing.
- (c) Briefly explain why excise duty is said to be an agent of double taxation.
- (c) With at least three (3) examples, explain the specific basis for stamp duty.

Candidates' performance in this question was satisfactory. Out of 48 candidates who answered the question, 43 (89.6%) candidates passed while the remaining 05 (10.4%) candidates failed. Out of those who passed 13 (27.1%), 19(39.5%) and 11 (23%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to understand the budget process.

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 63 candidates who answered the question, 32 (50.8%) candidates passed while the remaining 31 (49.2%) candidates failed. Out of those who passed 42.8 (27%) and 5 (8%) 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 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)	31	27	05	00	63
PERCENTAGE	49.2	42.8	8.0	0.0	100

B5 PERFORMANCE MANAGEMENT

I: PRINCIPAL LEARNING OUTCOME

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

II: STRUCTURE OF THE PAPER

The paper had two sections A and B, with six questions carrying 20 marks each. Candidates were required to answer question one in section A and any other four out 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) Prepare a revised cost estimate using a relevant cash flow approach, showing clearly the minimum price that the company should accept for the order. (Give reasons for each resource valuation in your cost estimate).
- (b) Briefly discuss the statement "fixed costs are never relevant for decision making scenarios."

Candidates' performance in this question was not satisfactory. Out of 128 candidates who answered the question only 48 (37.5%) candidates passed while the remaining 80 (62.5%) candidates failed. Out of those who passed 30 (23.44%), 16 (12.5%) and 02 (1.56%) candidates scored pass, credit and distinction marks respectively.

Quite a number of candidates failed to identify relevant costs, especially in terms of opportunity costs.

QUESTION 2: STANDARD COSTING AND VARIANCES ANALYSIS

Candidates were required to use the given information to:

- (a) Calculate each of the following variances:
 - (i) Total sales variance
 - (ii) Sales price variance
 - (iii) Sales volume variance
 - (iv) Sales mix variance
 - (v) Sales revised quantity variance
- (b) Comment on the relevance of sales mix variances in performance management.

Candidates' performance in this question was satisfactory. Out of 108 candidates who answered the question, 44 (40.74%) candidates passed while the remaining 64 (59.26%) candidates failed. Out of those who passed 20 (18.52%), 16 (14.81%) and 08 (7.4%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to comment on the relevance of sales mix variances in performance management.

QUESTION 3: BUDGETARY PLANNING AND CONTROL

Candidates were required to use the given information to:

- (a) Write a briefing note or memo to the Managing Director (MD) of the given company. In your memo, explain the concept of "Goal Congruence"; highlighting factors that affect budget acceptance by employees (dysfunctional budgetary behaviours) hence, goal congruence and recommend how the company can mitigate the negative impact of these factors on budget performance.
- (b) Prepare the monthly cash budget for the first quarter of the given financial year for the given company.

Candidates' performance in this question was satisfactory. Out of 119 candidates who answered the question, 62 (52.1%) candidates passed while the remaining 57 (47.9%) candidates failed. Out of those who passed 47 (39.5%) and 15 (12.61%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates included depreciation in cash budget.

QUESTION 4: STANDARD COST AND VARIANCE ANALYSIS

Candidates were required to use the given information to:

- (a) Calculate profit of the given company for the year using:
 - (i) The absorption costing method.
 - (ii) The marginal costing method.
- (b) Explain the differences in profits obtained in (a) above.
- (c) Comment on the relative strength of marginal costing over absorption costing.

Candidates' performance in this question was not satisfactory. Out of 106 candidates who answered the question only 15 (14.15%) candidates scored pass marks while the remaining 91 (85.85%) candidates failed. There were neither credit nor distinction marks in this question.

Most of candidates failed to explain the differences in profits caused by the application of the absorption costing method and the marginal costing method.

QUESTION 5: PERFORMANCE MEASUREMENT AND CONTROL

Candidates were required to use the given information to: -

- (a) Explain the differences in the divisional ROI for the given year.
- (b) Clarify why might the given person be less enthusiastic about the fast speed printing press investment proposal.
- (c) The Chairman of the given company, is considering a proposal to base senior executive compensations at each division on divisional Residual Income (RI). Compute the RI of each division for the given year.
- (d) Evaluate the potential effect of using RI on the given person's attitude towards adoption of the fast speed printing press investment proposal, and comment on any further improvement that the company can have apart from using Residual Income.

Candidates' performance in this question was not satisfactory. Out of 77 candidates who answered the question only 19 (24.68%) candidates passed while the remaining 58 (75.32%) candidates failed. Out of those who passed 17 (22.08%) and 02 (2.6%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to compute the Residential Income (RI)

QUESTION 6: COST ACCOUNTING TECHNIQUES, DECISION MAKING TECHNIQUES

Candidates were required to use the given information to:

- (a) Explain the "controllability principle" and why its application is difficult in practice.
- (b) Explain the term "short-termism" and suggest any five (5) ways in which a long-term view can be encouraged in a typical business environment so that "ideal decisions" are made.
- (c) Assuming that the merger agreement is implemented, calculate the Break-even sales of the merged operations and capacity utilization at that stage.
- (d) Briefly discuss the possible reasons why adverse fixed production overhead expenditure, efficiency and capacity variances occur.

Candidates' performance in this question was not satisfactory where all 102 candidates who answered the question failed.

Most candidates failed to calculate break even sales of the merged operations.

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 not satisfactory. Out of 128 candidates who answered the question only 25 (19.53%) candidates scored pass marks while the remaining 103 (80.47%) candidates failed. There were neither credit nor distinction marks in this question.

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)	103	25	00	00	128
PERCENTAGE	80.47	19.53	0.0	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 prepare the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the given Group for the given year. (All your workings are to be rounded to the nearest thousand).

Candidates' performance in this question was not satisfactory. Out of 296 candidates who answered the question only 55 (18.6%) candidates passed while the remaining 241 (81.4%) candidates failed. Out of those who passed 48 (16.2%) and 07 (2.4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

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: IFRS 2; IFRS 1; IAS 37; IAS 8; IAS 16 AND IFRS 15

Candidates were required to use given information to: -

- (a) Recommend how the given Plc would account for the share-based payment scheme during the years ended at a given period. Show extracts from only the given year financial statements. 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.
- (b) Advise on the appropriate financial reporting treatment for the above items in the financial statements of the given Plc for the given year end.
- (c) Advise on how much revenue the given stock market data provider would recognize for the given years end on each of the two contracts.

Candidates' performance in this question was not satisfactory. Out of 243 candidates who answered the question only 24 (10%) candidates passed while the remaining 219 (90%) candidates failed. Out of those who passed 22 (9.1%) and 02(0.8%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed in understanding basic concept of accounting standards.

QUESTION 3: IAS 16 PPE; ENHANCING FINANCIAL REPORTING (ESG)

Candidates were required to use given information to:

- (a) Prepare all relevant calculations and entries and then draw an extract of Statement of Financial Position for the given Company as at the given date.
- (b)
 - (i) Prepare a draft section in the annual report discussing the concept of sustainability reporting, including its benefits to the given company.
 - (ii) Identify and discuss economic, environmental and social issues that impact the given company that need to be highlighted in the sustainability report.
- (c)
 - (i) Briefly explain to the given company the benefits of social and environmental reporting.
 - (ii) Briefly explain how the current disclosures by the given company of its "Corporate environmental governance" could be extended and improved.

Candidates' performance in this question was not satisfactory. Out of 247 candidates who answered the question only 39 (16%) candidates passed while the remaining 208 (84%) candidates failed. Out of those who passed 34 (13.8%), 03 (1.2%) and 02 (0.8%) candidates scored pass, credit and distinction marks respectively.

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.

QUESTION 4: 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)
 - (i) Explain why permanent difference between accounting profits and taxable profits do not have deferred tax consequences.
 - (ii) Prepare a Statement of Profit or Loss and Statement of Financial Position extracts for the year to given period, taking into account the requirements of IAS 12: *'Income tax'*.

- (b) Discuss factors that should be considered by an entity in determining its functional currency, with vivid examples.
- (c)
 - (i) Discuss which part bears the risks and rewards in the above arrangement and come to a conclusion on how the transactions should be treated by each part.
 - (ii) Discuss the substance of the above transactions.

Candidates' performance in this question was not satisfactory. Out of 253 candidates who answered the question only 80 (31.6%) candidates passed while the remaining 173 (68.4%) candidates failed. Out of those who passed 71 (88.8%) and 09 (11.2%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of Candidates fail to distinguish effect of permanent difference from that of temporary difference.

QUESTION 5: PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS; FINANCIAL INSTRUMENTS

Candidates were required to use the give information to:

- (a) Discuss the appropriate accounting treatment of the above transactions in the financial statements of the given company, In accordance with the relevant International Financial Reporting Standards (IFRSs).
- (b) Explain how this financial instrument will be classified in accordance with the requirements of *IFRS 9: Financial Instruments*.

Candidates' performance in this question was not satisfactory. Out of 208 candidates who answered the question only 77 (37%) candidates passed while the remaining 131 (63%) candidates failed. Out of those who passed 49 (23.6%), 27 (13%) and 01 (0.4%) candidates scored pass, credit and distinction marks respectively.

Some Candidates failed to identify appropriate provisions of IFRSs which were applicable to given scenarios.

QUESTION 6: FINANCIAL & BUSINESS ANALYSIS (RATIOS)

Candidates were required to use the given information to:

- (a) Calculate appropriate ratios for both financial years in order to assist in assessment of the above concerns.
- (b) Produce a report to review the concerns of the dissatisfied Directors using appropriate ratios calculated and the information above.

Candidates' performance in this question was not satisfactory. Out of 233 candidates who answered the question only 92 (39.5%) candidates passed while the remaining 141 (60.5%) candidates failed. Out of those who passed 74 (31.8%), 16 (6.9%) and 02 (0.8%) candidates scored pass, credit and distinction marks respectively.

Candidates failed to understand types of ratios that are needed to guide decision related to the performance of the entity.

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 296 candidates who answered the examination only 14 (4.73%) scored pass marks while the remaining 282 (95.27%) 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)	282	14	00	00	296
Percentage	95.27	4.73	0.0	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: LEGAL REGULATORY AND ETHICAL ISSUES, DRAWING CONCLUSIONS AND REPORTING ; PLANNING AND UNDERTAKING THE AUDIT WORK

- (a) Candidates were required to use the given situation to comment on whether the draft audit opinions given in respect of each of the four (4) clients were appropriate or not, and recommend, an appropriate audit opinion.
- (b) Candidates were also required to use the given information to:
 - (i) Explain any four (4) ethical threats which may affect the independence of the given auditing firm in auditing of the given company.
 - (ii) For each threat in part (i) above explain how it might be reduced to an acceptable level.
 - (iii) Describe any four (4) substantive procedures that should be performed in relation to the revaluation of properties to obtain sufficient appropriate evidence.

Candidates' performance in this question was satisfactory. Out of 179 candidates who answered the question, 175 (98%) candidates passed while the remaining 04 (2%) candidates failed. Out of those who passed 16 (8.9%), 60 (33.5%) and 99 (55.3%) candidates scored pass, credit and distinction marks respectively.

Some candidates were not able to evaluate the appropriateness of the audit opinion recommended.

QUESTION 2: EVALUATION OF ACCOUNTING TREATMENTS AND OTHER AUDIT CONSIDERATION; ACCEPTING ENGAGEMENT AND MANAGING ASSIGNMENTS; LEGAL REGULATORY AND ETHICAL ISSUES

Candidates were required to use the given information to:

- (a)

- (i) Evaluate the client's accounting treatments and the difficulties which you might encounter when auditing each of the accounting estimates described above.
- (a) Design the audit procedures which should be performed to gather sufficient and appropriate audit evidence.
- (b) Discuss any two (2) quality control issues identified in the above scenarios and recommend the action which should be taken by the given firm.
- (c)
 - (i) Evaluate any six (6) environmental issues that may lead to the risk of misstatements in the Financial Statements.
 - (ii) Recommend any six (6) audit procedures that the given firm should undertake when they realize that the given Mining Company Ltd. has environmental issues that may affect the Financial Statements.

Candidates' performance in this question was not satisfactory. Out of 85 candidates who answered the question only 04 (5%) candidates passed while the remaining 81 (95%) candidates failed. Out of those who passed 03 (3.52%) and 01 (1.17%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

majority of the candidates failed to demonstrate understanding on accounting treatment and difficulties encounter when auditing accounting estimates.

QUESTION 3: LEGAL REGULATORY AND ETHICAL ISSUES ; ACCEPTING ENGAGEMENT

Candidates were required to use the given information to:

- (a) Explain the ethical and other matters which should be considered before the given firm accept the given company as its client.
- (b) Explain the importance of performing know your client procedures
- (c) Recommend six (6) items of information which should be obtained in order to know well both the given companies in the above scenario

Candidates' performance in this question was satisfactory. Out of 173 candidates who answered the question, 78 (45%) candidates passed while the remaining 95 (55%) candidates failed. Out of those who passed 71 (41%), 06 (3.5%) and 01 (0.6%) candidates scored pass, credit and distinction marks respectively.

Some candidates fail to understand the issues to be considered before accepting client.

QUESTION 4: ASSESMENT OF RISK; AUDITORS REPORT; ACCEPTING ENGAGEMENT AND MANAGING ASSIGNMENTS

Candidates were required to use the given information to:

- (a)
 - (i) Analyse any four (4) audit risks at the planning stage during the audit of the given company.
 - (ii) Recommend the auditor's response for each of the risks identified in part (i) above.
- (b) Describe the process the given company should have undertaken to assess whether the preconditions for an audit were present when accepting the audit of Francis.
- (c) Discuss the issue and describe the impact on the auditor's report, if any, should this issue remain unresolved.

Candidates' performance in this question was not satisfactory. Out of 134 candidates who answered the question only 24 (18%) candidates passed while the remaining 110 (82%) candidates failed. Out of those who passed 20 (15%) and 04 (3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some of the candidates failed to link answers to the specific scenario and some failed to recommend appropriate response.

QUESTION 5: ASSESMENT OF RISK, INTERNAL CONTROLS AND INTERNAL FINANCIAL CONTROLS

Candidates were required to use the given information to:

- (a) Evaluate any five (5) deficiencies in internal controls in the above scenario.
- (b) Recommend a control to address each of the deficiencies in part (a) above.
- (c) Describe a test of control that should be performed to assess effectiveness of each of the controls in part (b) above.
- (d) Describe any five (5) substantive audit procedures the auditor should perform at the year-end on additions to equipment.

Candidates' performance in this question was satisfactory. Out of 175 candidates who answered the question, 151 (86%) candidates passed while the remaining 24 (14%) candidates failed. Out of those who passed 51 (29%), 80 (46%) and 20 (11%) candidates scored pass, credit and distinction marks respectively.

Those who failed were unable to differentiate between recommendations and test of controls.

QUESTION 6: PLANNING AND UNDERTAKING AUDIT WORK

Candidates were required to use the given information to;

- (a)
 - (i) Describe any three (3) inherent, control and detection risks which would particularly concern you as Auditor of the given company explaining why it is of concern.
 - (ii) For each of the risks described in part (i) above explain how it would affect your approach to the audit of the given company.
 - (iii) Explain the work required to verify the opening balances for the given company
- (b) Explain any three (3) ethical and professional issues raised and recommend any actions which should be taken in respect of the matter described by the audit senior.
- (c) Explain the steps the given company should take in relation to the directors' refusal to amend the financial statements.

Candidates' performance in this question was not satisfactory. Out of 149 candidates who answered the question only 03 (3%) candidates scored pass marks while the remaining 146 (97%) candidates failed. There were neither credit nor distinction marks in this question.

Candidates failed to integrate inherent risk, control risk and detection risk with issue raised in the scenario and also, they reproduced theories without applying it in a case study.

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 179 candidates who answered the question, 113 (63.1%) candidates passed while the remaining 66 (36.9%) candidates failed. Out of those who passed 109 (60.9%) and 04 (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)	66	109	04	00	179
PERCENTAGE	36.9	60.9	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 INVESTMENT ANALYSIS

Candidates were required to use the given situation to:

- (c) Discuss any four (4) key issues that the given bank needs to consider in deciding whether to support the proposed MBO.
- (d) Provide an appraisal for the two alternative investment proposals and advise the given company which of the two proposed investments to carry out.

Candidates' performance in this question was satisfactory. Out of 211 candidates who answered the question, 128 (61%) candidates passed while the remaining 83 (39%) candidates failed. Out of those who passed 67 (32%), 56 (27%) and 05 (2%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to apply the exchange rate charges in the capital budgeting analysis.

QUESTION 2: INTERNATIONAL PARITY RELATIONSHIP AND MANAGING RISK

- (b) Candidates were also required to use the given information to:
 - (i) Estimate the expected future exchange rate between the MK. and the UGS. in one year and interpret your results based on the International Fisher Effect theory.
 - (ii) If a change in expectations regarding future Ugandan inflation causes the expected future spot rate in one year to rise to the given MK. per UGS., what should happen to the Malawian Kwacha interest rate according to the International Fisher Effect?

- (iii) Estimate the MK./UGS. one year forward rate according to the Interest Rate Parity (IRP) and discuss, based on the IRP theory, why the UGS. is trading at a forward discount or premium relative to the MK.

Candidates were also required to explain the meaning of “economic exposure” and discuss any three (3) principal methods that multinational firms use to guard themselves against economic exposure.

Differentiate exchange traded currency options from over-the-counter (OTC) currency traded options. Point out any two (2) advantages that the former may have over the later.

Candidates’ performance in this question was satisfactory. Out of 192 candidates who answered the question, 85 (44%) candidates passed while the remaining 107 (56%) candidates failed. Out of those who passed 68 (35%), 15 (08%) and 02 (01%) candidates scored pass, credit and distinction marks respectively.

Some of the candidates failed to explain clearly the methods for managing economic exposures.

QUESTION 3: BOND ANALYSIS; MANAGING RISK

- (a) Candidates were required to use the given information to:
 - (i) Estimate the intrinsic bond price and duration of the given company’s bond.
 - (ii) Estimate the bond price and the capital gain or loss upon selling the bond one year later if the market interest rate decreases from 8% to 6% using the Duration Rule.
- (b) Candidates were also required to use the given information to:
 - (i) Show how the given company can use “forward market hedge”, “money market hedge” and “unhedged position” to mitigate currency risk and advise the management on the best hedging strategy.
 - (ii) State any four (4) best strategies that can be used by the given company to manage exchange rate risk.
- (c) Discuss and comment on the advantage of the Adjusted Present Value (APV) over the Net Present Value (NPV) Method as a way of evaluating a project.

Candidates’ performance in this question was satisfactory. Out of 193 candidates who answered the question, 104 (54%) candidates passed while the remaining 89 (46%) candidates failed. Out of those who passed 73 (38%), 29 (15%) and 02 (1%) candidates scored pass, credit and distinction marks respectively.

Some candidates lack knowledge on bond analysis.

QUESTION 4: BUSINESS VALUATION; MERGERS AND ACQUISITION

- (a) Candidates were required to use the given information to
- (i) Explain how the European company can adjust the valuation of the target company to account for the potential inaccuracies in its financial statements and the country-specific risks.
 - (ii) Analyze the due diligence procedures to be undertaken to gain a more accurate picture of the target company's financial health and operating environment.
 - (iii) State any four (4) strategies that can be used to structure the M&A deal to mitigate the risks associated with operating a developing country.
- (d) Candidates were also required to use the given information to:
- (i) Value the business using Shareholder Value Added (SVA).
 - (ii) Calculate the Economic Value Added (EVA) for each year.

Candidates' performance in this question was satisfactory. Out of 119 candidates who answered the question, 116 (97%) candidates passed while the remaining 03 (3%) candidates failed. Out of those who passed 88 (74%), 25 (21%) and 03 (3%) candidates scored pass, credit and distinction marks respectively.

Some of the candidate failed to give direct answer to requirements of the questions.

QUESTION 5: FINANCIAL ENGINEERING AND PLANNING ; FUTURES, OPTION, SWAPS AND FORWARD

Candidates were required to:

- (a) Use the given information to answer the following:
- (i) How might the company use currency futures to establish a hedge for the currency exposure? Is the hedge in this instance perfect? Why?
 - (ii) Suppose the company established the hedge. How would the position be unwound and what would be the effective exchange rate for the payment in Euros?
- (b) Candidates were further required to explain how the company can account for the impact of inflation and currency inconvertibility when evaluating the project's profitability using traditional capital budgeting methods.

- (c) Explain how the corporation can integrate stakeholder interests, such as employees, customers, suppliers, communities, and environmental sustainability, into value creation strategies

Candidates' performance in this question was not satisfactory. Out of 145 candidates who answered the question only 36 (25%) candidates passed while the remaining 109 (75%) candidates failed. Out of those who passed 31 (21%) and 05 (3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Lack of clarity in responses for some candidates.

QUESTION 6: FOREIGN EXCHANGE PLANNING, BLOCK CHAIN TECHNOLOGY

- (d) Candidates were required to discuss any two (2) merits and any two (2) demerits of hedging with interest rate swaps.
- (e) Candidates were required to use the given information to explain how blockchain technology could potentially improve the efficiency and security of the company's international employee payment process compared to traditional methods.
- (f) Candidates were required to use the given information to:
 - (i) Compute the exchange rates that will exist in each of the three periods above.
 - (ii) At which period it is economical for the given company to pay the debt? Why?
 - (iii) How much is the company going to pay?

Candidates' performance in this question was not satisfactory. Out of 195 candidates who answered the question only 46 (24%) candidates passed while the remaining 149 (76%) candidates failed. Out of those who passed 35 (17.9%), 10 (5%) and 01 (0.5%) candidates scored pass, credit and distinction marks respectively.

Most candidates did not understand foreign exchange planning.

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 211 candidates who answered the question, 98 (46.4%) candidates scored pass marks while the remaining 113 (53.6%) candidates failed. There were neither credit nor 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)	113	98	00	00	211
Percentage	53.6	46.4	0.0	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 ON INSURANCE BUSINESS

Candidates were also required to use the given information to:

- (a)
 - (i) Differentiate "life insurance business" from "general insurance business".
 - (ii) Differentiate taxation treatments of key items of income and expenditures between life insurance business and general insurance business.
- (b) Determine the total income of the given Investment Fund and its tax liability for the given year.

Candidates' performance in this question was satisfactory. Out of 133 candidates who answered the question, 102 (76.7%) candidates passed while the remaining 31 (23.3%) candidates failed. Out of those who passed 43 (32.3%), 53 (39.8%) and 06 (4.5%) candidates scored pass, credit and distinction marks respectively.

Poor understand on the difference between taxation of life insurance from general insurance on some candidates.

QUESTION 2: TAXATION OF PETROLEUM OPERATIONS

Candidates were required to use the information given to:

- (i) Calculate the taxable income and income tax payable from the petroleum operations of the given company for the given year of income associated with petroleum right A.
- (ii) Explain the meaning of ring fencing and the intention it tends to serve in taxation of income from petroleum operations.
- (iii) Explain the various ringfencing rules for oil and gas operations in Tanzania in respect of income taxation.

Candidates' performance in this question was satisfactory. Out of 88 candidates who answered the question, 48 (54.5%) candidates passed while the remaining 40 (45.5%) candidates failed. Out of those who passed 36 (40.9%), 11 (12.5%) and 01 (0.8%) candidates scored pass, credit and distinction marks respectively.

Some candidates lack knowledge on taxation of petroleum industry.

QUESTION 3: TAXATION OF PERMANENT ESTABLISHMENT; CORPORATE BUSINESS INCOME

Candidates were required to use the given information to:

- (a)
 - (i) Explain the meaning of a "Permanent Establishment" according to the Income Tax Act, Cap 332.
 - (ii) Analyze whether the given corporation's activities meet the Tanzanian legal criteria for a permanent establishment.
 - (iii) Based on your conclusion above, determine the total amount of income tax suffered by the given corporation. Assume the given corporation earned a profit of the given amount in Tanzania through its permanent establishment and the amount paid in respect of the contract was subjected to withholding tax by the resident telecommunication company.
- (b) Calculate the taxable income of the branch and corresponding tax liability in Tanzania.

Candidates' performance in this question was not satisfactory. Out of 116 candidates who answered the question only 30 (26%) candidates passed while the remaining 86 (74%) candidates failed. Out of those who passed 28 (24%) and 02 (1.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates fail to understand the additional of the part B the question.

QUESTION 4: VALUE ADDED TAX

Candidates were required to:

- (a) Describe the conditions for the deductibility of input tax according to the VAT Act, CAP 448.
- (b) Describe the types of goods, services, or immovable properties where a taxable person will not be allowed in input tax credit upon their acquisition.
- (c) Use the information given to prepare the VAT return for the month of the given month clearly indicating the output VAT, input VAT and the (increasing and decreasing) adjustments.

Candidates' performance in this question was not satisfactory. Out of 112 candidates who answered the question only 09 (8%) candidates scored pass marks while the remaining 85 (11.2%) candidates failed. There were neither credit nor distinction marks in this question.

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

QUESTION 5: INTERNATIONAL DOUBLE TAXATION

Candidates were required to use the given information to:

- (a) Critically evaluate the three primary unilateral methods countries use to mitigate international double taxation of income, focusing on their mechanisms, advantage, and disadvantages.
- (b) In light of S. 77 of the Income Tax Act, Cap 332, which of the three methods can be used by resident persons in Tanzania to mitigate double taxation of their international income and evaluate their effectiveness in reducing the tax burden on the taxpayer.

Candidates' performance in this question was satisfactory. Out of 93 candidates who answered the question, 60 (64.5%) candidates passed while the remaining 33 (35.5%) candidates failed. Out of those who passed 28 (30.1%), 28 (30.1%) and 04 (4.3%) candidates scored pass, credit and distinction marks respectively.

Some of candidates lack understanding of the methods of mitigating double taxation.

QUESTION 6: INCOME TAXATION RULES APPLICABLE TO PARTICULAR TYPES OF PERSONS/BUSINESS

Candidates were required to use the given information to:

- (a) Discuss the circumstances which may necessitate the Commissioner to undertake jeopardy and adjusted assessments.
- (b)
 - (i) Outline the procedural steps the given company. must follow to object to the tax decision according to Tax Administration Act, Cap 448. Include timelines and any conditions that must be met for the objection to be valid.
 - (ii) Evaluate the options available to the given company if they require more time to file the objection.
 - (iii) Discuss the implications for the given company regarding the payment of the disputed and undisputed amounts of tax or the lack of it during the objection process.

Candidates' performance in this question was satisfactory. Out of 123 candidates who answered the question, 52 (42%) candidates passed while the remaining 71 (58%) candidates failed. Out of those who passed 50 (41%), 01 (0.08%) and 01 (0.08%) candidates scored pass, credit and distinction marks respectively.

Some candidates do not have a good understanding of Jeopardy & adjusted assessment.

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 133 candidates who answered the question, 64 (48.1%) candidates passed while the remaining 69 (51.9%) candidates failed. Out of those who passed 62 (46.6%) and 02 (1.5%) 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)	69	62	02	00	133
Percentage	51.9	46.6	1.5	0.0	100

