



(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND
AUDITORSTANZANIA

EXAMINERS' AND PERFORMANCE REPORT 20TH MID-SESSION – AUGUST 2025

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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 nine in 2025.

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 20th 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 20TH MID-SESSION EXAMINATION AUGUST 2025

2.1 Preamble:

The Board conducts its mid-session examinations twice in a year during the months of February and August. In this 20th Mid-session examination, examinations were conducted from Monday 25th August to Friday 29th August 2025.

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 20TH MIDSESSION EXAMINATIONS

S/n	Subject	No. of candidates
1.	A5 Business Law	14
2.	B1 Financial Management	88
3.	B2 Financial Reporting	47
4.	B4 Public Finance and Taxation	50
5.	B5 Performance Management	127
6.	C1 Corporate Reporting	227
7.	C2 Auditing and Assurance Services	167
8.	C3 Business and Corporate Finance	270
9.	C4 Advanced Taxation	86

2.3 Overall Candidates Performance

Overall candidates' performance for the August 2025 examination session is as shown in Table 2.

Table 2: Overall performance subject-wise

S/N	SUBJECT	NO. CANDIDATES	PASS		FAILED	
			No.	%	No.	%
1.	A5 Business Law	14	08	57.1	06	42.9
2.	B1 Financial Management	88	34	38.6	54	61.4
3.	B2 Financial Reporting	47	28	59.6	19	40.4
4.	B4 Public Finance and Taxation	50	27	54	23	46
5.	B5 Performance Management	127	49	38.6	78	61.4
6.	C1 Corporate Reporting	227	94	41.4	133	58.6
7.	C2 Auditing and Assurance	167	70	41.9	97	58.1
8.	C3 Business & Corporate Finance	270	81	30	189	70
9.	C4 Advanced Taxation	86	44	51.2	42	48.8

Table 3: Overall performance in levels

LEVEL	PASS		TOTAL PASS	FAILED	TOTAL
	PASS SUBJECTS	ALL PART PASS			
Foundation	06	02	08 (57)	06(43)	14
Intermediate	40	78	118(50)	116 (50)	234
Final	154	87	241 (44)	311 (56)	552
TOTAL	200	167	367(46)	433 (54)	800

2.4 Examination Results

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

In this 20th Mid-session examinations one hundred fifty-six (156) candidates qualified for the award of letters of examination success and CPA (T) Certificate. Among them 82 (53%) are female and 74 (47%) are male.

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

In this 20th Mid-session examinations six (06) candidates qualified for the award of Examination Success Letters and CPA (T) Equivalent Certificate. Among them 02 (33%) are female and 04 (67%) are male.

2.4.3 Candidates required to repeat failed subjects

Table 4: Candidate who failed and required to re-sit for the failed examination papers: -

S/N	CODE	SUBJECT	NUMBER
1.	A5	Business Law	06
2.	B1	Financial Management	54
3.	B2	Financial Reporting	19
3.	B4	Public Finance and Taxation	23
4.	B5	Performance Management	78
5.	C1	Corporate Reporting	133
6.	C2	Auditing and Assurance	97
7.	C3	Business and Corporate Finance	189
8.	C4	Advanced Taxation	42

ACCOUNTING GRADUATES CREATED BY THE BOARD UP TO AUGUST 2025

In an effort to meet the demand of the highly needed accounting personnel in the country, the Board has been able to create cumulatively 29,417 Accounting Graduates since its inception in May 1975.

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

Summary of Accounting Graduates

Certified Public Accountants CPA (T)	14,550
Certified Public accountants CPA (T) Equivalent	347
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)	4,407

Table 5: NBAA Graduates – Cumulative Statistical Analysis

EXAMINATION SESSION	BBC		NABOCE		ATEC		NAD		CPA		CPA (T) EQUIVAL ENT		TOTAL	
	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	-	-	NO.	CUM.
1 ST SESSION MAY 1975	-	-	04	04	-	-	01	01	NE	NE	-	-	05	05
NOV 1975 – MAY 2013													18,438	18443
78 TH SESSION NOV. 2013	-	2971	-	5746	36	3434	-	1537	377	5,168	-	-	413	18,856
79 TH SESSION MAY 2014	-	2971	-	5746	46	3480	-	1537	478	5,646	-	-	524	19,380
80 TH SESSION NOV. 2014	-	2971	-	5746	43	3523	-	1537	369	6,015	01	01	413	19,793
81 ST SESSION MAY 2015	-	2971	-	5746	42	3565	-	1537	600	6,615	08	09	650	20,443
1 ST MID-SESSION AUGUST 2015	-	2971	-	5746	-	3565	-	1537	03	6,618	04	13	07	20,450
82 ND SESSION MAY 2016	-	2971	-	5746	42	3607	-	1537	270	6,888	03	16	315	20,765
2 ND MID-SESSION FEBRUARY 2016	-	2971	-	5746	-	3607	-	1537	01	6,889	07	23	08	20,773
83 RD SESSION MAY 2016	-	2971	-	5746	40	3647	-	1537	282	7,171	11	34	333	21,106
3 RD MID- SESSION AUGUST 2016	-	2971	-	5746	-	3647	-	1537	06	7,177	05	39	11	21,117
84 TH SESSION NOVEMBER 2016	-	2971	-	5746	49	3696	-	1537	420	7,597	19	58	488	21,605
4 TH MID- SESSION FEBRUARY 2017	-	2971	-	5746	-	3696	-	1537	-	7,597	05	63	05	21,610
85 TH SESSION MAY 2017	-	2971	-	5746	65	3,761	-	1537	410	8,007	17	80	492	22,102
5 TH MID-SESSION AUGUST 2017	-	2971	-	5746	-	3,761	-	1537	02	8,009	04	84	06	22,108
86 TH SESSION NOVEMBER 2017	-	2971	-	5746	39	3,800	-	1537	450	8,459	20	104	509	22,617
6 TH MID-SESSION FEBRUARY 2018	-	2971	-	5746	-	3,800	-	1537	-	8,459	04	108	04	22,621
90 TH SESSSION MAY 2018	-	2971	-	5746	28	3,828	-	1537	63	8,522	15	123	106	22,727
7 TH MID-SESSION AUGUST 2018	-	2971	-	5746	-	3,828	-	1537	03	8,525	04	127	07	22,734
88 TH SESSION NOVEMBER 2018	-	2971	-	5746	63	3,891	-	1537	371	8,896	17	144	451	23,185
8 TH MID-SESSION FEBRUARY 2019	-	2971	-	5746	-	3,891	-	1537	02	8,898	01	145	03	23,188
89 TH SESSION MAY 2019	-	2971	-	5746	49	3,940	-	1537	433	9,525	20	165	502	23,690
9 TH MID-SESSION AUGUST 2019	-	2971	-	5746	-	3,940	-	1537	10	9,535	09	165	19	23,709
90 TH SESSION NOVEMBER 2019	-	2971	-	5746	53	3,993	-	1537	325	9,860	17	182	395	24,104
10 TH MID-SESSION	-	2971	-	5746	53	3,993	-	1537	41	9,901	03	185	44	24,148

91 ST SESSION MAY (AUGUST)2020	-	2971	-	5746	28	4,021	-	1537	354	10,255	16	201	398	24,546
92 ND SESSION NOVEMBER 2020	-	2971	-	5746	14	4,035	-	1537	243	10,498	09	210	266	24,812
93 RD MAY 2021	-	2971	-	5746	29	4,064	-	1537	278	10,776	13	223	320	25,132
94 TH SESSION NOVEMBER 2021	-	2971	-	5746	44	4,108	-	1537	261	11,159	11	241	316	25,577
13 TH MID-SESSION FEBRUARY 2022	-	2971	-	5746	44	4,108	-	1537	71	11,230	04	245	75	25,652
95 TH SESSION MAY 2022	-	2971	-	5746	46	4,154	-	1537	387	11,616	18	263	451	26,103
14 TH MID SESSION – AUGUST 2022	-	2971	-	5746	-	4,154	-	1537	128	11,744	06	269	134	26,237
96 TH SESSION NOVEMBER 2022	-	2971	-	5746	38	4,192	-	1537	343	12,087	12	280	393	26,630
15 TH MID SESSION- FEBRUARY 2023	-	2971	-	5746	-	4,192	-	1537	66	12,153	00	280	66	26,696
97 TH SESSION MAY 2023	-	2971	-	5746	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
100 TH NOVEMBER 2024	-	2971	-	5746	41	4,376	-	1537	299	13,879	15	328	355	28,696
19 TH MID SESSION FEBRUARY 2025	-	2971	-	5746	-	4,376	-	1537	54	13,933	02	330	56	28,752
101 ST MAY 2025	-	2971	-	5746	31	4,407	-	1537	461	14,394	11	341	505	29,255
20 TH MID SESSION AUGUST 2025	-	2971	-	5746	-	4,407	-	1537	156	14,550	06	347	162	29,417

Note: (An extract from May 1975 to August 2025)

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 five 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: VARIOUS TOPICS

Candidates were required to:

- (a) Choose the most correct answer among the given alternatives.
- (b) State whether the statement is true or false
- (c) Pair each statement from List A with the item from List B appropriately.

Candidates' performance in this question was satisfactory. Out of 14 candidates who answered the question 13 (92.9%) candidates passed. Out of those who passed 07 (50%), 05 (35.7%) and 01 (07.1%) candidates scored pass, credit and distinction marks respectively.

Few candidates failed to choose the most correct answers for multiple choice questions.

QUESTION 2: LEGAL SYSTEM

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

- (a) Explain the meaning and characteristics of adversarial legal system.
- (b) Outline the circumstances under which the court may apply common law in Tanzania.
- (c) Outline three (3) differences between "principal legislation" and "subsidiary legislation".

Candidates' performance in this question was not satisfactory. Out of 14 candidates who answered the question only 05 (35.7%) candidates passed while the remaining 09 (64.3%) candidates failed. Out of those who passed 04 (28.6%) and 01 (07.1%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to distinguish between adversarial system and court system/structure.

**QUESTION 3: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS;
WRONGS ASSOCIATED WITH ACCOUNTING PROFESSION**

The candidates were required to:

- (a) Explain four (4) factors that may render the consideration or an object of a contract illegal or unlawful.
- (b) Explain any three (3) exceptions to the doctrine of privity to contract in the formation of contracts in Tanzania.
- (c) Explain two (2) major institutions responsible for dictating, preventing and fighting money laundering in Tanzania.

Candidates' performance in this question was not satisfactory. Out of 14 candidates who answered the question only 01 (07.1%) candidates scored pass marks while the remaining 13 (92.9%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates were not familiar with the doctrine of privity of contract.

QUESTION 4: CYBER CRIMES; RESOLUTION OF EMPLOYMENT DISPUTES

Candidates were required to

- (a) use the given information to answer the following:
 - (i) Identify and explain four (4) cybercrimes involved in the given case.
 - (ii) Identify the statutory law which would be applied in the given case.
 - (iii) Suggest three (3) measures which the said business owner could take to prevent such incidents in the future.
- (b) Identify and explain any two (2) examples of tribunals specialising in labour and tax matters in Tanzania.

Candidates' performance in this question was not satisfactory. Out of 14 candidates who answered the question only 05 (35.7%) candidates passed while the remaining 09 (64.3%) candidates failed. Out of those who passed 02 (14.3%) and 03 (21.4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates indicated poor knowledge in addressing forms of cybercrimes.

QUESTION 5: PARTNERSHIP; ETHICAL CONDUCTS FOR PROFESSIONAL ACCOUNTANTS

The candidates were required to

- (a) Use the given information to advise the given people on their liabilities in the above situation.
- (b) Explain five (5) most common misconducts committed by professional accountants in Tanzania.

Candidates' performance in this question was satisfactory. Out of 14 candidates who answered the question 09 (64.3%) candidates passed. Out of those who passed 04 (28.6%), 02 (14.3%) and 03 (21.4%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to explain the legal duties, rights and liabilities of partners.

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 14 candidates who answered the question, 08 (57.1%) candidates scored pass marks while the remaining 06 (42.9%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidate's overall performance in the subject is as shown in Table 6

TABLE 6

A5: CANDIDATE'S PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	0-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	06	08	00	00	14
PERCENTAGE	42.9	57.1	0.0	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: DIVIDEND POLICY: COST CAPITAL

Candidates were required to use the given information to:

- (a) Discuss any two (2) alternative dividend policies that the given company may adopt.
- (b) Discuss any four (4) reasons why a listed company such as the given company needs to establish and communicate a clear dividend policy.
- (c) Discuss any four (4) factors that the given company should consider when formulating its dividend policy taking into consideration both internal conditions and market realities.
- (d) Use the Walter Model, calculate the theoretical market value per share of the given company, based on the proposed payout ratio of 40%. Interpret your result and advise the board on whether to implement the policy.
- (d) Explain the concept of script dividend and outline any two (2) of its advantages to the given company.

Candidates' performance in this question was not satisfactory. Out of 88 candidates who answered the question only 10 (11.4%) candidates passed while the remaining 78 (88.6%) candidates failed. Out of those who passed 09 (10.2%) and 01 (1.2%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of the candidates failed to understand the dividend policy concepts.

QUESTION 2: WORKING CAPITAL MANAGEMENT

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

- (a) Calculate and interpret current ratio, quick ratio, inventory turnover, receivables collection period and payables payment period to assess the company's working capital efficiency.
- (b) Explain three (3) key working capital management issues currently affecting the given company based on the information provided above.
- (c) Calculate the Economic Order Quantity (EOQ) using the information provided, and explain how implementing EOQ could improve the given company's inventory management.
- (d) Discuss implications of conservative, aggressive and moderate working capital policies on the company's liquidity and profitability. Based on the company's current situation, recommend the most appropriate working capital policy for the given company.
- (e) Describe any three (3) measures that the given company could implement to improve receivables and payables management, and show how each would help to address the identified problems.

Candidates' performance in this question was satisfactory. Out of 86 candidates who answered the question, 56 (65.1%) candidates passed while the remaining 30 (34.9%) candidates failed. Out of those who passed 28(32.6%), 18 (20.9%) and 10 (11.6%) candidates scored pass, credit and distinction marks respectively.

Some candidates lack knowledge on how to implement the Economic Order Quantity (EOQ).

QUESTION 3: CAPITAL BUDGETING AND INVESTMENT DECISION

- (a) Candidates were required to use the given information to:
 - (i) Describe any three (3) features that make preference shares attractive in comparison to long-term bond.
 - (ii) Determine the price that the given person will be willing to pay for the preference shares if his required rate of return is 12%.
- (b) Candidates were required to use the given information to:
 - (i) Evaluate the two (2) options open to the given person and state any assumptions that you are making.
 - (ii) Identify any four (4) qualitative factors that the given person should consider in choosing between the two options.

Candidates' performance in this question was not satisfactory where all 42 candidates who answered the question failed.

Most candidates lack knowledge on capital budgeting and investment decision.

QUESTION 4: FINANCIAL ANALYSIS

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

- (a)
 - (i) Describe any four (4) features that distinguish profit maximization from shareholders' wealth maximization, as corporate goals.
 - (ii) With supporting reason(s) recommend which of the two goals is more appropriate for management of the company to consider.
- (b)
 - (i) Analyse the trend of the company's performance based on gross profit and net profit indicators over the four years, then comment on any aspect(s) of operational efficient that require management attention for improvement.
 - (ii) Analyse the trend of all operational expenses against the sales turnover for the four years, then comment on any operational inefficiencies that require management attention for improvement.
 - (iii) Suggest possible solutions to resolve identified inefficiencies in (i) and (ii) above.

Candidates' performance in this question was not satisfactory. Out of 72 candidates who answered the question only 22 (30.6%) candidates passed while the remaining 50 (69.4%) candidates failed. Out of those who passed 10 (13.9%) and 12 (16.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates were unable to compute the trend before commenting.

QUESTION 5: FINANCIAL MARKET ; COST OF CAPITAL

Candidates were required to use the given information to:

- (a)
 - (i) Discuss any four (4) roles of capital markets in facilitating investment and liquidity.
 - (ii) Based on the weak form and semi-strong form of capital market efficiency, discuss why capital markets are expected to be efficient.
- (b)
 - (i) Explain the meaning of cost of capital and its significance in financial decision-making to firms such as the given company.
 - (ii) Calculate the Weighted Average Cost of Capital (WACC) for the given company.

- (iii) Evaluate the impact of tax on debt financing in relation to the company's cost of capital, and show how tax considerations may influence the given company's financing decisions.

Candidates' performance in this question was not satisfactory. Out of 82 candidates who answered the question only 20 (24.4%) candidates passed while the remaining 62 (75.6%) candidates failed. Out of those who passed 14 (17.1%), 05 (6.1%) and 01 (1.2%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to apply the impact of taxes in influencing financial decision.

QUESTION 6: FINANCIAL PLANNING AND FORECASTING

Candidates were required to use the given information to:

- (a) Explain the relationship between short-term and long-term financial planning in a company such as the given company.
- (b) Explain five (5) essential planning elements that the given company should consider to ensure effective financial control in its planned expansion.
- (c) Evaluate the argument that a company which relies on external financing to fund long-term investment is more likely to experience faster growth than one that depends solely on internally generated funds.
- (d) Using the percentage of sales methods, calculate the External Financing Required (EFR) for the given company for the given year. Briefly comment on the implications of your result in terms of the company financing strategy.
- (e) Explain four (4) advantages of using external sources of finance for companies such as the given company.

Candidates' performance in this question was not satisfactory. Out of 70 candidates who answered the question only 12 (17%) candidates passed while the remaining 58 (83%) candidates failed. Out of those who passed 11 (16%) and 01(01%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to provide relationship between short term financing and long- term financing.

IV: GENERAL OBSERVATIONS

(a) **Assessment of the Paper**

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

(b) **Candidates' overall performance**

Candidates' performance in this examination paper was not satisfactory. Out of 88 candidates who answered the question only 34 (38.6%) candidates scored pass marks while the remaining 54(61.4%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates 'over-all performance in the subject is as shown on Table 7

TABLE 7

B1 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	54	34	00	00	88
PERCENTAGE	61.4	38.6	0.0	0.0	100

B2 FINANCIAL REPORTING

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this examination paper is to test candidates' ability to apply knowledge and skills in preparation of financial statements for a separate entity and a group in accordance with the IFRSs and IPSASs and analyze financial statements to examine the sustainability of the business entity.

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: PREPARING FINANCIAL STATEMENTS

Candidates were required to use the given information to prepare:

- (a) Prepare the Statement of Profit and Loss and Other Comprehensive Income for a given Company
- (b) Prepare the Company's Statement of Financial Position as at a given date.

Candidates' performance in this question was not satisfactory. Out of 47 candidates who answered the question only 07 (14.9%) candidates passed while the remaining 40 (85.1%) candidates failed. Out of those who passed 04 (8.5%) and 03 (6.4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidates failed to understand and use the provided information to prepare the required financial statements.

QUESTION 2: PREPARING CONSOLIDATED FINANCIAL STATEMENTS

- (a) Candidates were required to answer the following:
 - (i) Define Consolidated Financial Statements.
 - (ii) Explain four (4) conditions under which a parent may be exempted from presenting Consolidated Financial Statements.
- (b) Candidates were required to use the given information to prepare a Consolidated Statement of Profit or Loss and Other Comprehensive Income of the given group for the given year end in accordance with the applicable International Financial Reporting Standards (IFRS).
- (c) Candidates were also required to use the given event to explain the appropriate accounting treatment of the event in the financial statements of the given company for the given year end, In accordance with *IAS 10: Events after the Reporting Period*.

Candidates' performance in this question was satisfactory. Out of 41 candidates who answered the question, 19(46.3%) candidates passed while the remaining 22 (53.7%) candidates failed. Out of those who passed 17 (41.5%) and 02 (4.9%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of candidates failed to calculate the consolidated statements as required.

QUESTION 3: HISTORICAL COST ACCOUNTING; CASH FLOW STATEMENT

Candidates were required to answer the following:

- (a) The use of historical cost as a basis for accounting is widespread
 - (i) Explain any three (3) ways in which the use of historical cost accounting may mislead users of financial statements.
 - (ii) Explain three (3) reasons why historical cost accounting remains in use inspite of its limitations.
- (b) Use the given information to prepare a statement of cash flow for the given company for the year to the given date using the indirect method as per the requirements of applicable International Financial Reporting Standards (IFRS).

Candidates' performance in this question was satisfactory. Out of 42 candidates who answered the question, 33 (78.6%) candidates passed while the remaining 09 (21.4%) candidates failed. Out of those who passed 28 (66.7%) and 05 (11.9%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some of candidates did not know how to prepare Cash Flow Statement using indirect method.

QUESTION 4: BORROWING COST; ACCOUNTING POLICIES; CHANGE IN ACCOUNTING ESTIMATES AND ERRORS

Candidates were required to use given information to:

- (a) Calculate the borrowing cost that should be capitalized as part of the cost acquiring new buses and the finance cost that should be reported in the statement of profit or loss for the given year end.
- (b)
 - (i) Prepare a lease liability amortization schedule for the entire lease term.
 - (ii) Calculate the annual depreciation expenses on the right-of-use asset, and determine the carrying amount of the asset at the end of each year.
 - (iii) Prepare the journal entries for each of three years to reflect:
 - Interest expense
 - Lease liability repayments
 - Depreciation of the right-of-use asset

- (c) Calculate the tax payable and the charge for the given year if the tax due on that given year profits was subsequently agreed with tax authorities as for the given two amounts; In accordance with the principles of IAS 12: Income Taxes.
- (d) Explain the steps the given company should take to correct this material error in accordance with *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*.

Candidates' performance in this question was not satisfactory. Out of 22 candidates who answered the question only 07 (31.8%) candidates passed while the remaining 15 (68.2%) candidates failed. Out of those who passed 06 (27.3%) and 01 (4.5%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of candidates failed to compute borrowing cost and annual depreciation.

QUESTION 5: FINANCIAL STATEMENTS ANALYSIS AND EVALUATION

Candidates were required to use the given information to:-

- (a) Calculate for the given company equivalent ratios to those provided by the Confectionary manufacturing sector.
- (b) Analyse the performance and financial position of the given company in comparison to its sector average.

Candidates' performance in this question was satisfactory. Out of 44 candidates who answered the question, 30(68.2%) candidates passed while the remaining 14 (31.8%) candidates failed. Out of those who passed 13 (29.5%), 14 (31.8%) and 03 (6.8%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to calculate different ratios due to poor preparation regarding examination.

QUESTION 6: INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) AND CONCEPTUAL FRAMEWORK; IMPAIRMENT OF ASSETS & EARNING PER SHARE

- (a) Candidates were required to highlight four (4) advantages and four (4) disadvantages of the International Accounting Standards Board (IASB) Conceptual Framework in accounting.
- (b) Candidates were required to explain what is meant by "impairment of assets" and state the assets that require mandatory testing for impairment in accordance with IAS 36: *Impairment of Assets*.
- (c) Candidates were also required to use the given information to:

- (i) Calculate the basic Earnings Per Share (EPS) of the given company for the given year end.
- (ii) Calculate the Diluted Earnings Per Share (DEPS) for the given year end.
- (iii) Prepare the earnings per share disclosure note for the given year end.

Candidates' performance in this question was satisfactory. Out of 43 candidates who answered the question, 30 (69.8%) candidates passed while the remaining 13 (30.2%) candidates failed. Out of those who passed 29 (67.4%) and 01 (2.3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidates did not know issues regarding impairment of assets.

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 over eighty percent of the topics in the syllabus. The paper had a good mixture of theoretical and computational questions.

(b) **Candidates' overall performance**

Candidates' performance in this examination paper was satisfactory. Out of 47 candidates who answered the question, 28 (59.6%) candidates scored pass marks while the remaining 19 (40.4%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 8

TABLE 8

B2 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	19	28	00	00	47
PERCENTAGE	40.4	59.6	0.0	0.0	100

B4 PUBLIC FINANCE AND TAXATION

I: PRINCIPAL LEARNING OUTCOME

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

II: STRUCTURE OF THE PAPER

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

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

The following topics were tested in this paper:

QUESTION1: PUBLIC FINANCE

Candidates were required to use the given scenario to:

- a) Explain how different classification of taxes help policymakers to evaluate fairness and efficiency of the tax system.
- b) Discuss the potential trade-offs between revenue generation and behavioural objectives in taxation using the given United Republic's excise duty and carbon taxes as examples.
- (c) Analyze how the classification of VAT and income taxes may affect taxpayer compliance and administrative burden.

Candidates' performance in this question was not satisfactory. Out of 50 candidates who answered the question only 19 (38%) candidates passed while the remaining 31 (62%) candidates failed. Out of those who passed 13 (26%), 04 (08%) and 02 (04%) candidates scored pass, credit and distinction marks respectively

Many candidates failed to grasp the concepts of public finance and link them with policy decision making.

QUESTION 2: INCOME TAX – COMPUTATION OF GAIN FROM EMPLOYMENT INCOME

Candidates were required to use the given scenario to:

- (a) Determine the given person's total income for the given year.
- (b) With reasons, comment on whether the given person is obliged to file return of income for the given year ended.

Candidates' performance in this question was satisfactory. Out of 48 candidates who answered the question, 20 (41.7%) candidates passed while the remaining 28 (58.3%) candidates failed. Out of those who passed 17 (35.4%) and 03 (6.3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to identify what constitutes gain from employment.

QUESTION 3: COMPLIANCE

Candidates were required to use the given information to:

- (a) Describe the compliance requirement under tax laws for the company.
- (b) Discuss the financial and non-financial consequences for non-compliance behaviour noted for the given company.
- (c) Suggest four (4) areas of improvement for the given company to qualify as a tax compliant entity in Tanzania.

Candidates' performance in this question was satisfactory. Out of 45 candidates who answered the question, 35 (77.8%) candidates passed while the remaining 10 (22.2%) candidates failed. Out of those who passed 19 (42%), 13 (28.8%) and 03 (6.7%) candidates scored pass, credit and distinction marks respectively.

Some candidates lack knowledge on compliance.

QUESTION 4: VALUE ADDED TAX (VAT)

Candidates were required to use the given information to:

- (a) Calculate the amount of VAT payable.
- (b) Assume the VAT return was filed on the given date. Compute interest payable, if any.

Candidates' performance in this question was not satisfactory. Out of 47 candidates who answered the question only 15 (32%) candidates passed while the remaining 32 (68%) candidates failed. Out of those who passed 11 (23%) and 01 (02%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to classify input taxes appropriately.

QUESTION 5: CUSTOMS

Candidates were required to use the given information to:

- (a) Explain the appropriate customs and accounting treatment for each of the goods listed above, with reference to the given Act.

- (i) Distinguish between the ad valorem duty system and the specific duty system, highlighting their key differences in calculation and application.
- (ii) Explain four (4) circumstances under which the transaction value method may be deemed inappropriate or inapplicable for customs valuation purpose.

Candidates' performance in this question was not satisfactory. Out of 23 candidates who answered the question only 03 (13%) candidates passed while the remaining 20 (87%) candidates failed. Out of those who passed 02 (09%) and 01(04%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to explain the conditions necessary for transaction value method.

QUESTION 6: PUBLIC FINANCE

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

- (a) Identify four (4) key criteria that should ideally guide the allocation of public expenditure to ensure fairness and equity.
- (b) Based on the given United Republic scenario, assess the fairness of the current public spending practices and its implications for regional development and national cohesion.
- (c) Assume you have been appointed as a public finance advisor to the Ministry of Finance of the given United Republic, draft a brief proposal outlining recommendations to improve the criteria and fairness in public expenditure allocation.

Candidates' performance in this question was satisfactory. Out of 38 candidates who answered the question, 23 (61%) candidates passed while the remaining 15 (39%) candidates failed. Out of those who passed 18 (47%) and 05 (13%) candidates scored pass and credit. No candidate scored distinction marks in this question.

Some candidates failed to understand the requirement of the question.

IV: GENERAL OBSERVATIONS

(a) Assessment of the Paper

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

(b) Candidates' overall performance

Candidates' performance in this examination paper was satisfactory. Out of 50 candidates who answered the question, 27 (54%) candidates scored pass marks while the remaining 23 (46%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table 9

TABLE 9

B4 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	23	27	00	00	50
PERCENTAGE	46	54	0.0	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: BUDGETARY PLANNING AND CONTROL

Candidates were required to use the given information to:

- (a) Prepare a columnar monthly cash budget for the six months beginning from the given dates.
- (b) Enumerate any six (6) roles of cash budget to counter the given firm's argument.

Candidates' performance in this question was satisfactory. Out of 127 candidates who answered the question, 78 (61.4%) candidates passed while the remaining 49 (38.6%) candidates failed. Out of those who passed 36 (28.4%) and 42 (33.1%) candidates scored pass and credit. No candidate scored distinction marks in this question.

A number of candidates failed to give arguments for cash budget instead they give the arguments for general budgeting.

QUESTION 2: DECISIONS-MAKING TECHNIQUES

Candidates were required to use the given information to:

- (a) Recommend whether the given company should accept the special order, justifying your recommendation with reason(s), supported by computations.
- (b) Recommend whether the given company should accept the order, assuming the plant capacity was 9,000 medals instead of 10,000 medals per month and the special order must be either taken in full or totally rejected, , supporting with reason(s) and computations.
- (c) State any other factors that should be considered in the decisions in (a) and (b) above.

Candidates' performance in this question was not satisfactory. Out of 88 candidates who answered the question only 20 (22.73%) candidates passed while the remaining 68 (77.27%) candidates failed. Out of those who passed 16 (18.18%) and 04(4.55%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidates failed to make correct computations and ended up by just guessing to answer by writing accept or reject without supporting calculations.

QUESTION 3: STANDARD COST AND VARIANCE ANALYSIS

Candidates were required to use the given information to:

- (a) Calculate the following material variances for the given month and explain their implications, as a management accountant. (Present your answers separately for bed sheets, pillowcases, and in total, where applicable).
 - (i) Material price planning variance
 - (ii) Material price operational variance
 - (iii) Material usage planning variance
 - (iv) Material usage operational variance
- (b) Critically evaluate the performance of the production manager and identify which variances they should be held accountable for, based on results in part (a). [Use appropriate professional judgement and justify your assessment with reference to relevant costing principles].
- (c) Explain the meaning of "flexible budget" and comment on its relevance in dealing with variances.

Candidates' performance in this question was not satisfactory. Out of 103 candidates who answered the question only 06 (5.83%) candidates passed while the remaining 97 (94.17%) candidates failed. Out of those who passed 05 (4.85%) and 01(01%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Many candidates failed to calculate "Planning" and "Operational" variance and used the normal variance calculations.

QUESTION 4: COST ACCOUNTING TECHNIQUES

- (a) Candidates were required to use the given information to:
 - (i) Determine the production levels for each of the two months.
 - (ii) Explain the results to the given person.
 - (iii) Prepare the Income Statement (in columnar form) for each month based on variable costing.
- (b) Candidates were required to explain the meaning of "target costing" and highlight any four (4) justifications for use of target costing.

Candidates' performance in this question was not satisfactory. Out of 121 candidates who answered the question only 40 (33.06%) candidates passed while the remaining 81 (66.94%) candidates failed. Out of those who passed 35 (28.93%) and 05(4.13%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Candidates failed to demonstrate knowledge on using over/under absorption in arriving at units.

QUESTION 5: PERFORMANCE MEASUREMENT AND CONTROL

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

- (a) Compute Tema's Return on Investment (ROI) if the selling price of the given sports equipment is the given amount per unit.
- (b) If the management requires a ROI of at least 25% from the division, what is the minimum selling price that Tema should charge for the given sports equipment.
- (c) Assume that the given company judges the performance of its investment centres on the basis of residual income rather than ROI. Calculate the minimum selling price that Tema should charge per unit of the given sports equipment if the company's required rate of return is 20%.
- (d) Comment on the remarks by the given person, one of your colleagues, that Economic Value Added (EVA) is the overriding criterion for performance measurement, arguing further that ROI and residual income should be 'shelved'.

Candidates' performance in this question was satisfactory. Out of 116 candidates who answered the question, 51 (43.97%) candidates passed while the remaining 65 (56.03%) candidates failed. Out of those who passed 35 (30.17%) and 16 (13.79%) candidates scored pass and credit. No candidate scored distinction marks in this question.

Some candidates failed to justify the use of target costing.

QUESTION 6: DECISION MAKING TECHNIQUES AND BUDGETARY PLANNING AND CONTROL

Candidates were required to use the given information to:

- (a) Explain the concept of limiting factor analysis in decision-making and show linear programming may be useful in making decisions.
- (b) Advise management, based only on the information given above, whether they should alter the selling price and, if so, the price that you would recommend.
- (c) Explain two (2) approaches that can be used to establish standard costs, including advantages and disadvantages of each approach.
- (d) Discuss the given criticism.

Candidates' performance in this question was not satisfactory. Out of 80 candidates who answered the question only 03 (3.75%) candidates scored pass marks while the remaining 77 (96.25%) candidates failed. There were neither credit nor distinction marks in this question.

Majority of candidates failed to identify the approaches to establish standard costs.

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 examination paper was not satisfactory. Out of 127 candidates who answered the question only 49 (38.6%) candidates scored pass marks while the remaining 78 (61.4%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 10

TABLE 10

B5 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	00-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	78	49	00	00	127
PERCENTAGE	61.4	38.6	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 five questions, question one carrying 40 marks and other carrying 20 marks each. Candidates were required to answer question one in section A and any other three out of four 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; CONCEPTUAL & REGULATORY FRAMEWORK

Candidates were required to use the given information to:

- (a)
 - (i) Prepare the group Statement of Cash Flows of the given in accordance with *IAS 7: Statement of Cash Flows* together with any required notes for the given year end.
 - (ii) Explain why external users of financial statements benefit from receiving a statement of cash flows.
- (b)
 - (i) Explain what it means by "control".
 - (ii) Discuss factors necessary to determine whether an investor has control over an investee as per *IFRS 10: Consolidated Financial Statements*.
- (c) Distinguish between fundamental and enhancing qualitative characteristics and explain why faithful representation is important.

Candidates' performance in this question was satisfactory. Out of 227 candidates who answered the question, 98 (43.17%) candidates passed while the remaining 129 (56.83%) candidates failed. Out of those who passed 80 (35.24%) and 18 (7.93%) candidates scored pass and credit. No candidate scored distinction marks in this question.

Some candidates failed to prepare the statement of cashflows for the group of companies.

QUESTION 2: INCOME TAXES; NON-CURRENT ASSETS

- (a) Candidates were required to use financial statement extracts, set out the financial accounting treatments of the above items in accordance with *IAS 12: Income Taxes*.
- (b) Candidates were required to use given information to discuss, with suitable supporting workings, the options available to the given person in the application of the impairment model in *IFRS 9: Financial Instruments* to the balance due from Kombo.

Candidates' performance in this question was not satisfactory. Out of 107 candidates who answered the question only 03 (03%) candidates passed while the remaining 104 (97%) candidates failed. Out of those who passed 02 (02%) and 01 (01%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to compute tax assets deferred, tax liability and accounting treatment of the same.

QUESTION 3: EFFECTS OF CHANGES OF FOREIGN EXCHANGE AND FOREIGN ENTITIES; FINANCIAL INSTRUMENTS

Candidates were required to use given information to:

- (a) Clearly show the accounting treatment of the above transactions (1) and (2) in accordance with the advice required. (You should show detailed workings as well as discussion of the accounting treatments used).
- (b) Discuss the advice which should be given to the given person in each of the cases with reference to relevant IFRS.

Candidates' performance in this question was not satisfactory. Out of 156 candidates who answered the question only 01 (01%) candidates scored pass marks while the remaining 155 (99%) candidates failed. There were neither credit nor distinction marks in this question.

Majority of candidates failed to compute gains and losses on disposal.

QUESTION 4: OPERATING SEGMENTS; NON-CURRENT ASSETS; INCOME TAXES AND FAIR VALUE MEASUREMENT

Candidates were required to use the given information to:

- (a) Advise the given company, as to which of the segments are reportable in its operating segments disclosure note.
- (b) Advise the director of the given company on how to account for this sale at the start of the lease, including any gain on the sale, with reference to the principles of relevant IFRS.

- (c) Advise the given company on the correct accounting treatment of the office building in the given period end.
- (d) Discuss the correct accounting treatments of the above transactions for the given year end.

Candidates' performance in this question was satisfactory. Out of 220 candidates who answered the question, 95 (43%) candidates passed while the remaining 125 (57%) candidates failed. Out of those who passed 74 (33%) and 21 (10%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

A number of candidates failed to explain a sale and lease back transaction, treatment of fair value measure was also a bit of a problem.

QUESTION 5: PRESENTATION OF FINANCIAL STATEMENT AND DISCLOSURE

Candidates were required to use the give information to:

- (a)
 - (i) Evaluate the purpose and essential contents of the Report by Those Charged with Governance as per TFRS 1.
 - (ii) Analyse the key principles and elements of integrated reporting and how they contribute to communicating value creation.
 - (iii) Apply the ISSB sustainability disclosure framework to recommend how the given Corporation can disclose climate-related and social sustainability matters.
 - (iv) Describe the nature and role of management commentary in enhancing financial reporting quality.
 - (v) Discuss other financial information (e.g. Value-Added Statement, Economic Value Added) that the given Corporation may include in its annual report to improve stakeholder communication.
- (b)
 - (i) Discuss two (2) accounting policies that the management could adopt in the future to alter reported profits or asset values.
 - (ii) Explain how the choices in (i) above may affect the financial information users' understanding of the financial position and performance.
 - (iii) Simba Holdings is considering changing its inventory valuation method from FIFO to weighted average. Explain and justify how this change should be accounted for under *IAS 8: Accounting Policies, Changes in Accounting Estimates and Error*, distinguishing it from changes in estimates and corrections of errors.

Candidates' performance in this question was not satisfactory. Out of 198 candidates who answered the question only 77 (33.9%) candidates passed while the remaining 121 (53.3%) candidates failed. Out of those who passed 62 (31.3%), 12 (6.1%) and 03 (1.5%) candidates scored pass, credit and distinction marks respectively.

Most of candidates mixed up contents of different disclosure requirements.

IV: GENERAL OBSERVATIONS

(a) Assessment of the Examination

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

(b) Candidates' overall performance of the paper

Candidates' performance in this examination paper was satisfactory. Out of 227 candidates who answered the question, 94 (41.4%) candidates scored pass marks while the remaining 133 (58.6%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 11

TABLE 11

C1 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	133	94	00	00	227
Percentage	58.6	41.4	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; EVALUATING ACCOUNTING TREATMENTS AND OTHER AUDIT CONSIDERATIONS

Candidates were required to use the given situation to:

- (a) Discuss five (5) factors that could threaten the independence of the audit firm's engagement with this client for the current year's financial statements. For each identified threat, explain how it should be managed.
- (b) Discuss four (4) strategies that should be implemented by the firm to ensure compliance with quality control standards.
- (c)
 - (i) Evaluate the above situation and state the procedures which the auditor would need to perform. Explain the accounting principles that necessitate the recognition of provisions for notable penalties from regulatory bodies.
 - (ii) Describe the audit procedures necessary to determine the appropriate financial statement treatment for a significant capital expenditure on pollution control equipment.
 - (iii) Describe the audit procedures necessary to determine the appropriate financial statement treatment for a significant environmental provision.
 - (iv) Explain six (6) professional risks associated with providing assurance services for a client's regulatory compliance application related to waste management.

Candidates' performance in this question was satisfactory. Out of 167 candidates who answered the question, 74 (44.32%) candidates passed while the remaining 93 (55.68%) candidates failed. Out of those who passed 64 (38.32%) and 10 (5.98%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to identify and discuss strategies to be implemented by the firm to ensure compliance with quality control standards.

QUESTION 2: DRAWING CONCLUSIONS AND REPORTING; PLANNING AND UNDERTAKING AUDIT WORK

Candidates were required to use the given information to:

- (a) Prepare a briefing note for the newly recruited audit trainees in which you:
 - (i) Explain the message meant to be expressed by auditors in an unqualified audit opinion.
 - (ii) Discuss four (4) types of qualified audit reports and provide, for each one, an example of where it should be used.
 - (iii) Advise who should sign an audit report and what information should be provided about the signatory.
 - (iv) Explain the purpose of an 'emphasis of matter' paragraph and where it should usually be found in an audit report.
 - (v) Explain, in the context of an audit, what is meant by the term 'pervasive' and its impact on the financial statements.
- (b)
 - (i) Describe the setting out of the work programme for the audit of PE in the given company.
 - (ii) Discuss three (3) ways to verify the existence of PE.
- (c) Identify any three (3) control weaknesses in the above situation and suggest one mitigating control against each weakness identified.

Candidates' performance in this question was satisfactory. Out of 154 candidates who answered the question, 115 (75%) candidates passed while the remaining 39 (25%) candidates failed. Out of those who passed 50 (33%), 54 (35%) and 11 (07%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to understand weakness of internal control.

QUESTION 3: ASSESMENT OF RISKS; LEGAL REGULATORY AND ETHICAL ISSUES

Candidates were required to use the given information to:

- (a) Assess the inherent risks (high, low or moderate) along with appropriate justification, related to the following assertions:
 - (i) Valuation of factory plant.
 - (ii) Valuation of trade receivables.
 - (iii) Ownership right of finished goods inventory.
 - (iv) Valuation of unlisted securities.
 - (v) Accuracy of long-term finance.

- (b)
 - (i) Explain the reasons why criminals may want to launder money even if this means that they have to pay tax on it.
 - (ii) Describe the auditors' responsibility in relation to anti-money laundering activities.
 - (iii) Explain the reasons why it would be difficult for an auditor to detect money laundering activities.
- (c) Explain four (4) reasons for reviewing the work of the auditors of the subsidiaries not audited by you.

Candidates' performance in this question was not satisfactory. Out of 124 candidates who answered the question only 22 (18%) candidates passed while the remaining 102 (82%) candidates failed. Out of those who passed 19 (15.3%) and 03 (2.4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Many candidates failed to address the responsibility of auditor in relation to money laundry.

QUESTION 4: INTERNAL CONTROLS AND INTERNAL FINANCIAL CONTROLS; ASSESMENT OF RISK

Candidates were required to use the given information to:

- (a) Discuss the extent of an auditor's responsibilities to shareholders and others during the course of their normal professional engagement.
- (b)
 - (i) Discuss the meaning of the term 'control environment'.
 - (ii) Explain factors that may be reflected in the control environment of RD.
 - (iii) Explain the importance for the auditors to obtain an understanding of a client company and its environment, including the company's internal controls.
- (c)
 - (i) Describe key factors which an auditor should consider when auditing a client company which is involved in e-Commerce.
 - (ii) Describe matters which an audit firm must consider when deciding whether or not to use computer audit software.

Candidates' performance in this question was satisfactory. Out of 135 candidates who answered the question, 64 (47%) candidates passed while the remaining 71(53%) candidates failed. Out of those who passed 50 (37%), 13(9.6%) and 01 (0.7%) candidates scored pass, credit and distinction marks respectively.

Some of the candidates failed to explain factors reflected in control environment, instead they explain components of internal control.

QUESTION 5: EVALUATING ACCOUNTING TREATMENTS AND OTHER AUDIT CONSIDERATIONS

Candidates were required to use the given information to:

- (a) In accordance with *ISA 560: Subsequent Events*, describe the responsibilities of the External Auditor under the following situations:
 - (i) Events occurring up to the date of the auditor's report.
 - (ii) Facts discovered after the date of the auditor's report but before the date the financial statements are issued.
 - (iii) Facts discovered after the financial statements have been issued.
- (b)
 - (i) Discuss the focus of these standards.
 - (ii) Explain reasons for NBAA to make minor amendments to the Tanzania Financial Reporting Standard (TFRS) 1, as well.

Candidates' performance in this question was not satisfactory. Out of 145 candidates who answered the question only 23 (16%) candidates passed while the remaining 122 (84%) candidates failed. Out of those who passed 17 (12%) and 06 (4%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Majority of candidates demonstrate weak understanding regarding the auditor responsibilities as per *ISA 560: Subsequent Event*.

QUESTION 6: ASSURANCE ENGAGEMENTS

Candidates were required to:

- (a) Use the given information to:
 - (i) Discuss four (4) key factors that the given firm should consider before accepting the engagement to review and report on the Prospective Financial Information of the given company. In accordance with *ISAE 3400: The Examination of Prospective Financial Information*.
 - (ii) Recommend eight (8) specific procedures that should be performed to review the given company's cash flow forecast, If the given firm accepts the engagement.
- (b) Use the given scenario to:
 - (i) Describe fundamental aspects of this assurance engagement, As a Senior Manager at the given firm.
 - (ii) Explain three (3) distinct parties involved in this assurance engagement, including their appropriate roles within the context of the "Hope for Tomorrow Foundation" scenario.

(c) Use the given situation to:

- (i) Explain why a review may cost the given company less than the cost of an audit.
- (ii) Describe the main features of a review engagement that distinguishes it from an audit.

Candidates' performance in this question was not satisfactory. Out of 110 candidates who answered the question only 21 (19.1%) candidates passed while the remaining 89 (80.90%) candidates failed. Out of those who passed 14 (12.72%) and 07 (06.36%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of candidates failed to discuss factors that should be considered to acceptance.

IV: GENERAL OBSERVATIONS

(a) Assessment of the Examination

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

(b) Candidates' overall performance of the paper

Candidates' performance in this examination paper was satisfactory. Out of 167 candidates who answered the question, 70 (41.9%) candidates scored pass marks while the remaining 97 (58.1%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 12

TABLE 12

C2 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
NO. OF CANDIDATES (FREQUENCY)	97	70	00	00	167
PERCENTAGE	58.1	41.9	0.0	0.0	100

C3 BUSINESS AND CORPORATE FINANCE

I: PRINCIPAL LEARNING OUTCOME

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

II: STRUCTURE OF THE QUESTION PAPER

This examination paper comprised two sections with six questions. Candidates were required to answer five questions. Question one was compulsory.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

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

QUESTION 1: BUSINESS COMBINATION & VALUATION AND FINANCIAL ENGINEERING & PLANNING; INVESTMENT ANALYSIS

- (a) Candidates were required to advise the company on the hedging strategies based on the following interest rate derivatives:
 - (i) Interest Rate Futures
 - (ii) Interest Rate Options
- (b) Candidates were required to use the given situation to Determine the expected price per share of the given company after one year and advise the other given company's directors on the acquisition.
- (c) Evaluate the arguments of the manager and his assistant.
- (d) Compute the return and risk for a portfolio that is equally weighted in the two securities.
- (e) Compute the return and risk for a portfolio that has 70% in FSE and 30% in DSE.
- (f) Discuss the implications of the results in (ii) and (iii) above.

Candidates' performance in this question was not satisfactory. Out of 270 candidates who answered the question only 86 (32%) candidates passed while the remaining 184 (68%) candidates failed. Out of those who passed 76 (28%) and 10 (3.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to demonstrate understanding of the concept and apply them to relevant scenarios.

QUESTION 2: GLOBAL BUSINESS ENVIROMENT; MANAGING RISK; FINANCIAL ENGINEERING AND PLANNING

Candidates were also required to use the given information to:

- (a) Discuss any five (5) reasons why the relative cost advantage of operating facilities in these countries is reduced overtime. (Ignore possible exchange rate effects).
- (b)
 - (i) Explain how the given company can protect itself against foreign exchange exposure using forward market hedge and money market hedge.
 - (ii) Discuss the implications of your results in (i) above.
- (c) Calculate £ Put breakeven point and the net gain or loss made by the given on the £ Put position on the given date.

Candidates' performance in this question was not satisfactory. Out of 250 candidates who answered the question only 70 (28%) candidates passed while the remaining 180 (72%) candidates failed. Out of those who passed 59 (23.6%), 10 (04%) and 01 (0.4%) candidates scored pass, credit and distinction marks respectively.

Most of the candidates lack understanding of the core concepts.

QUESTION 3: INTERNATIONAL PARITY RELATIONSHIPS; FOREIGN EXCHANGE MARKET

- (a) Candidates were required to discuss the main empirical challenges in testing international parity conditions.
- (b) Candidates were also required to use the given information to:
 - (i) Determine whether the Interest Rate Parity (IRP) is currently holding.
 - (ii) Show how you would carry out covered interest arbitrage if the IRP is not holding and determine the arbitrage profit.
 - (iii) Explain how the IRP will be restored as a result of covered arbitrage activities.
- (c) Critically discuss any two (2) arguments for and any two (2) arguments against a country adopting a fixed exchange rate regime.

Candidates' performance in this question was not satisfactory. Out of 228 candidates who answered the question only 13 (5.7%) candidates scored pass marks while the remaining 215 (94.3%) candidates failed. There were neither credit nor distinction marks in this question.

Majority of candidates failed to use correct formulae and frameworks.

QUESTION 4: GLOBAL BUSINESS ENVIROMENT; INTERNATIONAL INVESTMENT ANALYSIS

- (a) Candidates were required to explain how does exchange rate volatility influence the evaluation of international capital budgeting decisions, particularly when project cash flows and financing are denominated in different currencies?
- (b) Candidates were also required to use the given information to answer the following:
 - (i) What is the capital return in USD?
 - (ii) Assume the bond also paid an annual coupon of 4% (based on face value of 1,000 Euro). What is the investor's total return in USD after one year?
- (c) Candidates were also required to use the given information to:
 - (i) Determine the Net Present Value (NPV) from the view point of the project.
 - (ii) Determine the Net Present Value (NPV) from the view point of the parent.
 - (iii) To give a reason if the given project desirable from the view point of the parent

Candidates' performance in this question was not satisfactory. Out of 196 candidates who answered the question only 17 (09%) candidates scored pass marks while the remaining 179 (91%) candidates failed. There were neither credit nor distinction marks in this question.

Many candidates failed to calculate NPV for project level.

QUESTION 5: BUSINESS VALUATION ; MERGERS AND ACQUISITION ; SWAPS AND FORWARD AGREEMENT

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

- (a)
 - (i) Calculate the Cash Flow Return on Investment (CFROI).
 - (ii) If the firm's cost of capital is 10%, is the firm creating value for its shareholders?
- (b) Discuss any four (4) criteria that a predator company should use to assess whether a target company is appropriate for acquisition.
- (c) Explain any two (2) advantages and any two (2) disadvantages of currency swaps as an instrument for hedging currency risk.

Candidates' performance in this question was not satisfactory. Out of 178 candidates who answered the question only 122 (68.5%) candidates scored pass marks while the remaining 56 (31.5%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates lack understanding of core concepts specifically on CFROI.

QUESTION 6: TECHNOLOGY AND DIGITAL-ENABLED FINANCE; MANAGING RISK (FOREX RISK)

- (a) Candidates were required to evaluate the different types of crowdfunding models and recommend the most suitable one for the given social entrepreneur's initiative.
- (b) Candidates were required to use the given information to discuss any two (2) advantages and any two (2) disadvantages of the given Tanzania exporter invoicing in the domestic currency as a technique for hedging transactions exposure.
- (c) Candidates were required to
 - (i) State the type of currency risk experienced by Tumaini Textiles and explain how this risk might affect the company's long-term competitive position and revenue.
 - (ii) Suggest two (2) strategic responses the company could consider to mitigate this risk.

Candidates' performance in this question was satisfactory. Out of 228 candidates who answered the question, 108 (47.4%) candidates passed while the remaining 120 (52.6%) candidates failed. Out of those who passed 84 (36.8%), 20 (8.8%) and 04 (1.75%) candidates scored pass, credit and distinction marks respectively.

Some candidates misinterpreted the question requirements and then responded wrongly to the requirements.

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 270 candidates who answered the examination only 81(30%) scored pass marks while the remaining 189 (70%) 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 13

TABLE 13

C3 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	189	81	00	00	270
Percentage	70	30	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 OF DIGITAL ECONOMY; TAXATION OF A CORPORATION

Candidates were required to:

- (a) Evaluate five (5) ways in which the use of Artificial Intelligence could be used to enhance tax administration in Tanzania.
- (b) Explain four (4) measures that the Tanzania Revenue Authority (TRA) might adopt to reduce tax gaps or revenue leakages in taxation of the digital economy.
- (c) Use the given information to:
 - (i) Calculate taxable income for the year ended 30th June 2025.
 - (ii) Calculate the tax liability for the year.

Candidates' performance in this question was satisfactory. Out of 86 candidates who answered the question, 64 (74%) candidates passed while the remaining 22 (26%) candidates failed. Out of those who passed 31 (36%), 28 (33%) and 05 (06%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to link their discussion with digital economy.

QUESTION 2: INCOME TAX-COMPUTATION OF REALIZED GAIN; INTERNATIONAL TAXATION AND VAT

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

- (a) Advise the management of the given multinational company (Tanzania) as a tax consultant on the following:
 - (i) Taxation of the income of the branch in Rwanda and the subsidiary company in Uganda.
 - (ii) Three (3) requirements to be met in order to qualify for double taxation relief in Rwanda.

- (b) Compute VAT payable for the given month.
- (c) Explain the tax implications, if any, of the initial transfer of assets from the deceased to the first beneficiary.

Candidates' performance in this question was not satisfactory. Out of 79 candidates who answered the question only 25 (31.6%) candidates passed while the remaining 54 (68.4%) candidates failed. Out of those who passed 22 (27.8%) and 03 (3.8%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates fail to demonstrate taxable and exempt supplies.

QUESTION 3: TAX AUDIT; TAX INVESTIGATION; TAXATION OF TRUSTS

- (a) Candidates were required to explain the differences between "tax audits" and "tax investigations".
- (b) Candidates were required to use the given information to:
 - (i) Compute the income tax payable on the trust income for the given year end.
 - (ii) Compute the amount due to each beneficiary for the given year end.

Candidates' performance in this question was satisfactory. Out of 72 candidates who answered the question, 43 (60%) candidates passed while the remaining 29 (40%) candidates failed. Out of those who passed 41 (57%) and 02 (03%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates failed to establish the amount due to each beneficiary as well as the treatment of fixed annuity.

QUESTION 4: INTERNATIONAL TAXATION

Candidates were required to:

- (a) Briefly describe three (3) specific action plans from the OECD's Based Erosion Profit Shifting (BEPS) Project that aim to address particular BEPS concerns.
- (b) Use the given information to:
 - (i) Describe how tax authorities might challenge the royalty payments made by the given company's subsidiary companies.
 - (ii) Describe how Controlled Foreign Corporation (CFC) rules in Tanzania might impact the taxation of the Cyprus subsidiary's profits.

- (c) Discuss six (6) challenges faced by tax authorities when auditing multinational companies in relation to permanent establishments and cross-border financing.
- (d) Explain the primary rationale for the ongoing interactions between the public and private sectors within an economy.

Candidates' performance in this question was not satisfactory. Out of 64 candidates who answered the question only 01 (1.6%) candidates scored pass marks while the remaining 63 (98.4%) candidates failed. There were neither credit nor distinction marks in this question.

Most of candidates lack knowledge of international taxation.

QUESTION 5: SPECIALIZED ENTITY; EMERGING ISSUES

Candidates were required to use the given information to:

- (a) Differentiate "fair tax competition" from "harmful tax competition".
- (b) Describe any four (4) emerging issues that need attention of policy makers in Tanzania.
- (c) Explain in detail the tax treatment of decommissioning funds in petroleum operations within Tanzania. Your explanation should cover aspects such as the deductibility of contributions, conditions for such deductibility and the timing for the commencement of contributions.
- (d) Explain the two (2) key administrative obligations imposed on non-resident electronic service providers in Tanzania as per the relevant regulations.

Candidates' performance in this question was not satisfactory. Out of 64 candidates who answered the question only 23 (36%) candidates passed while the remaining 41 (64%) candidates failed. Out of those who passed 20 (31.3%) and 03 (4.7%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates failed to differentiate fair tax competition from harmful tax competition.

QUESTION 6: TAXATION OF PETROLEUM OPERATIONS

Candidates were required to use the given information to revise the given income statement and compute the chargeable income from the given company for the given year end.

Candidates' performance in this question was satisfactory. Out of 64 candidates who answered the question, 42 (66%) candidates passed while the remaining 22 (34%) candidates failed. Out of those who passed 27 (42%), 12 (19%) and 03 (5%) candidates scored pass, credit and distinction marks respectively.

Some candidates start by adjusting the net profit instead of revising the given statement.

IV: GENERAL OBSERVATIONS

(a) Assessment of the Examination

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

(b) Candidates' overall performance of the paper

Candidates' performance in this examination paper was satisfactory. Out of 86 candidates who answered the question, 44 (51.2%) candidates scored pass marks while the remaining 42(48.8%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on table 14

TABLE 14

C4 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	42	44	00	00	86
Percentage	48.8	51.2	0.0	0.0	100

XXX