**APPENDIX 116.7.6 (iv)**

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

# EXAMINERS AND PERFORMANCE REPORT AUGUST 2026 MIDSESSION AND SHORTCOURSE EXAMINATIONS


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## MONDAY 21ST SEPTEMBER 2026

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# CHAPTER ONE

## 1.1 Foreword

### 1.1.1 Professional Certificate in International Public Sector Reporting Standards

The introduction of Certificate in IPSAS is in accordance to the authority granted to the Board under the Accountants and Auditors (Registration)Act, Cap.286, Section 4, where the Board has the mandate to conduct examinations and grant diplomas, certificates and other awards of the Board in accountancy and allied subjects. Under this mandate and effort to meet the demand of the highly specialized personnel in International Public Sector Accounting Standards, certificate in IPSAS was introduced. The Board started Certificate in IPSAS in August 2022 and continues with the course to date. Normally the course has two examination sessions in each year. A candidate who fails either single or both papers will be required to re-sit in the next examination session.

### 1.1.2 Diploma in International Public Sector Accounting Standards (IPSASs)

The introduction of Diploma in IPSAS is in accordance to the authority granted to the Board under the Accountants and Auditors (Registration)Act, Cap.286, Section 4, where the Board has the mandate to conduct examinations and grant diplomas, certificates and other awardsof the Board in accountancy and allied subjects. Under this mandate and effort to meet the demand of the highly specialized personnel in International Public Sector Accounting Standards, diploma in IPSAS was introduced. The Board started Diploma in IPSAS in July 2016 and continues with the course to date. Normally the courses have two examination sessions in each year. A candidate who will fail either single or both examination papers will be required to re-sit in the next examination session.

### 1.1.3 Professional Diploma in Internal Auditing (PDIA)

The introduction of Professional Diploma in Internal Auditing (PDIA) is in accordance to the authority granted to the Boardunder the Accountants and Auditors (Registration)Act, Cap.286, Section 4, where the Board has the mandate to conduct examinations and grant diplomas, certificates and other awards of the Board in accountancy and allied subjects. Under this mandate and effort to meet the demand of the highly specialized personnel in Internal Auditing for both Public and Private sectors, NBAA Governing Board decided to introduce a Professional

Diploma in Internal Auditing. The Board started classes for PDIA in October 2024. This course has two examination sessions in each year (February and August). The course has two levels (PDIA Level 1 and PDIA Level 2) whereby for a candidate who qualify to be awarded PDIA certificate is supposed to pass all levels. A candidate who fail will be required to re-sit in the next examination session.

### 1.1.4 Professional Diploma in Sustainability Reporting (PDSR)

The introduction of Professional Diploma in Sustainability Reporting (PDSR) is in accordance to the authority granted to the Board under the Accountants and Auditors (Registration)Act, Cap.286, Section 4, where the Board has the mandate to conduct examinations and grant diplomas, certificates and other awards of the Board in accountancy and allied subjects. Under this mandate and effort to meet the demand of the highly specialized personnel in Internal Auditing for both Public and Private sectors, NBAA Governing Board decided to introduce a Professional Diploma in Sustainability Reporting. The Board started classes for PDSR in April 2026. This course has two examination sessions in each year (February and August). The course has two tiers of examinations (PDSR 01 - Closed book paper and PDSR 02 – Open book paper) whereby for a candidate who qualify to be awarded PDSR certificate is supposed to pass all papers. A candidate who fail will be required to re-sit in the next examination session.

### 1.1.5 Mid-session examinations

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 2$^{nd}$ extra-ordinary meeting held on 29$^{th}$ 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 August 2026 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 Prof. Siasa I. Mzenzi**
**EXECUTIVE DIRECTOR**

# CHAPTER TWO

## CERTIFICATE IN IPSASs

The Board conducts its **Certificate in IPSAS** examinations twice in a year during the months of August and February. This session is the 5th Intake Certificate in IPSAS examination session in which the examinations were conducted on Wednesday 2nd September, 2026 and Friday 4th September, 2026. There was only one (1) candidate who sat for one paper, open book paper (C02).

The candidature distribution in this session is as shown in Table 1:

**Table 1:** Candidature distribution in 5th Certificate in IPSAS examination session

| **Subject** | **No. of entries** |
|---|---|
| C01 Closed Book Paper | 00 |
| C02 Open Book Paper | 01 |
| **Total** | **01** |

### 2.1 Examination Performance

**Table 2: Paper-wise Candidates' Performance 5th Intake Certificate in IPSAS Examinations August, 2026.**

| **SUBJECT** | **NO. CANDIDATE** | **PASS** | **%** | **FAIL** | **%** |
|---|---|---|---|---|---|
| C01 Closed Book Paper | 00 | 00 | 00 | 00 | 00 |
| C02 Open Book Paper | 01 | 01 | 100 | 00 | 00 |

**Table 3: Overall Candidates' Performance 5th Certificate in IPSAS Examinations August, 2026.**

| **Description** | **Pass** | **Referred C01** | **Referred C02** | **Failed (C01 & C02)** | **Total** |
|---|---|---|---|---|---|
| No. of Candidates | 01 | 0 | 00 | 00 | 01 |
| Percentage (%) | 100 | 0 | 00 | 00 | 100 |

#### 2.1.1 Candidates qualifying for the award of letters of success for Certificate in IPSAS

In this 5th Intake Certificate in IPSAS examinations one (01) candidate qualified for the award of the Certificate in IPSAS.

## ANALYSIS OF THE EXAMINATION PAPER

### C01 – CLOSED BOOK PAPER

### I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to examine candidates' ability to apply International Public Sector Accounting Standards in providing accounting services for the public sector.

### II: STRUCTURE OF THE QUESTION PAPER:

The paper comprised four questions of which candidates were required to answer all.

### III: ACCOUNTING STANDARDS EXAMINED AND CANDIDATES' PERFORMANCE

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

**QUESTION 1: A : IPSAS 2- CASH FLOW STATEMETS**

**B: CONCEPTUAL FRAMEWORK**

**C: IPSAS 1: PRESEANTATION OF FINANCIAL STATEMENTS**

From given information candidates were required to: -

(a) Prepare a Statement of Cash Flows for the given Government agency in the financial year ended.

(b) Use the given conceptual framework to;

(i) Explain the difference between General-Purpose Financial Reports (GPFR) and Special Purpose Financial Reports (SPFR).

(ii) Explain any five Qualitative Characteristics (QCs) of financial information as provided under the International Public Sector Standards Board (IPSASB) Conceptual Framework.

(c) Explain the main components of financial statements required under IPSAS 1.

**QUESTION 2: VARIOUS TOPICS**

Candidates were required to choose the most correct answer among the four given alternatives.

**QUESTION 3: A: IPSAS 45: PROPERTY, PLANT AND EQUIPMENT**
**B: IPSAS 21: IMPAIRMENT OF ASSESTS**

Candidates were required to: -

(a) Show the cost of the Integrated Students Management System (ISMS) to be recognized in the books of a given Institution as intangible, the amount to be recognized as Property, Plant and Equipment (PPE) and the amount that should be expensed.

(b) Use the given amount to;
   (i) Explain whether the given ambulance is impaired.
   (ii) Compute impairment loss (if any) and show how the given Dispensary would treat the impairment loss in its books of accounts as at a given year.

**QUESTION 4: IPSAS 1: PRESENTATION OF FINANCIAL STATEMENTS**

Candidates were required to:

(a) Identify the date on which the Ministry's financial statements were authorised for issue clearly explaining the relevance of each date given.

(b) Explain whether the event given falls within the events after reporting date and state clearly the type of events after reporting period.

(c) Explain the appropriate accounting treatments for each of the events after reporting period identified in part (b) above.

## IV: GENERAL OBSERVATIONS

### 2.1 C01: PROFESSIONAL CERTIFICATE IN INTERNATIONAL PUBLIC SECTOR REPORTING STANDARDS

### 2.2 Assessment of the paper

The panel of examiners found the examination to be fair, clear, understood, well-balanced containing both easy and moderate questions which were relevant to the candidates' level and was well within the prescribed syllabus.

**TABLE 1: C01 CLOSED BOOK PAPER CANDIDATES' PERFORMANCE ANALYSIS**

| CLASSIFICATION OF MARKS | 0-49 | 50-100 | TOTAL |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 00 | 00 | **00** |
| PERCENTAGE | 00 | 00 | **00** |

## 2.3 C02 – OPEN BOOK PAPER

### 2.3.1 Principle Learning Outcome

Principal learning outcome of this paper is to examine candidates' ability to apply International Public Sector Standards in providing accounting services for public sector.

### 2.3.2 Structure of the Examination Paper

The paper comprised four questions of which candidates were required to answer all.

### 2.3.3 ACCOUNTING STANDARDS EXAMINED AND CANDIDATES' PERFORMANCE

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

**QUESTION 1: IPSAS 1 – PRESENTATION OF FINANCIAL STATEMENTS**

From the given information, candidates were required to:

(a) Statement of Financial Performance for the year ended.

(b) Statement of Financial Position as at a given year.

Candidates' performance in this question was satisfactory. The candidate who answered this question passed.

**QUESTION 2: CONCEPTUAL FRAMEWORK**

From the given information candidates were required to:

(a) Prepare a professional report to the Municipal's Chief explaining the recognition, initial measurement and subsequent measurement of items in each of the given scenarios, with reference to the latest International Public Sector Accountant Standards (IPSAS).

(b) Discuss five reasons for countries around the World to adopt and use IPSAS in the preparation and presentation of financial statements.

Candidates' performance in this question was not satisfactory. The candidate who answered this question got below satisfactory level in this question.

A candidate failed to recognize initial measurement and subsequent measurements of various transactions.

**QUESTION 3: IPSAS 39: EMPLOYEE BENEFITS**

Candidates were required to:

(a) Evaluate the proposed treatment of the accumulated annual leave and calculate the liability that should be recognised in the Financial Statements for the year ended.

(b) Assess whether a liability should be recognised for the unused sick-leave entitlement.

(c) Evaluate the proposed treatment of the performance bonus and calculate the amount to be recognised at a given year.

(d) Explain the appropriate accounting treatment of the employee costs directly attributable to the construction of the water-treatment facility.

(e) Explain how the subsidised employee accommodation should be accounted for.

(f) Calculate the total additional employee-benefit expense arising from the annual leave, performance bonus and employee housing for the year ended.

Candidates' performance in this question was satisfactory. The candidate who answered this question passed.

A weakness was noted on the treatment of identified events.

**QUESTION 4: IPSAS 24 – PRESENTATION OF BUDGET INFORMATION IN FINANCIAL STATEMENTS**

**IPSAS 12 - INVENTORIES**

From the given information candidates were required to:

(a) Enumerate any three contents or information about comparison between the budgeted and actual amounts that should be presented separately with reference to the International Public Sector Accounting Standards (IPSAS) 24: *Presentation of Budget Information in Financial Statements.*

(b) Compute the amount of Written Down Value (WDV) of inventories and amount of closing inventory and loss of inventory recognised by a given group as at the financial year ended in accordance with *IPSAS 12: Inventories.*

Candidates' performance in this question was satisfactory. The candidate who answered this question passed.

### 2.3.4 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. The candidate who answered this question passed.

The candidates' overall performance in the paper is as shown in table 5 below:

**TABLE 2: C02 OPEN BOOK PAPER CANDIDATES' PERFORMANCE ANALYSIS**

| CLASSIFICATION OF MARKS | 0-49 | 50-100 | TOTAL |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 00 | 01 | **01** |
| PERCENTAGE | 00 | 100 | **100** |

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## 3.0 PROFESSIONAL DIPLOMA IN INTERNATIONAL PUBLIC SECTOR REPORTING STANDARDS

### 3.1 Introduction

The Board conducts Diploma in IPSAS examinations twice in a year during the months of August and February. This session is the 20th Intake of Diploma in IPSAS examination in which the examinations were conducted on Tuesday 1st September, 2026 and Friday 4th September, 2026.

### 3.2 Number of candidates

The candidature distribution in this session is as shown in Table 3:

**Table 3:** Candidature distribution in 20th Diploma in IPSAS examination session

| Subject | No. of entries |
|---|---|
| D01 Closed Book Paper and D02 Open Book Paper | 82 |
| D01 Closed Book Paper only | 93 |
| D02 Open Book Paper only | 86 |

### 3.2 Examination Performance

**Table 4: Paper-wise Candidates' Performance 20th Diploma in IPSAS Examinations August, 2026**

| SUBJECT | NO. CANDIDATE | PASS | % | FAIL | % |
|---|---|---|---|---|---|
| D01 Closed Book Paper | 93 | 48 | 51.6 | 45 | 48.4 |
| D02 Open Book Paper | 86 | 41 | 47.7 | 45 | 52.3 |
| D01 & D02 | 82 | 31 | 37.8 | 51 | 62.2 |

*****Two candidates who were remained with one paper had cleared their papers and are eligible to be included in the pass list to make a total of 33 candidates.

### 3.3 Candidates qualifying for the award of letters of success for Diploma in IPSASCertificate

In this 20th Intake Diploma in IPSAS examinations thirty-three (33) candidates qualified for the award of the Diploma in IPSAS.

### 3.4 Candidates required to sit for the referred paper(s)

In this 20th Intake Diploma in IPSAS examinations 45 candidates are required to refer D01 and 45 candidates are required to refer D02.

## 3.5 Candidates required registering and sitting for both papers

In this 20th Intake Diploma in IPSAS examinations 51 candidates failed both D01 and D02 papers.

## 3.6 Analysis of Examination Performance: D01 – Closed Book Paper

### 3.6.1 Principal Learning Outcome

Principal learning outcome of this paper is to examine candidates' ability to apply International Public Sector Accounting Standards in providing accounting services for the public sector.

### 3.6.2 Structure of the Question Paper:

The paper comprised four questions of which candidates were required to answer all.

### 3.6.3 Accounting Standards Examined and Candidates'Performance

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

**QUESTION 1: IPSAS 1 – PREPARATION OF FINANCIAL STATEMENTS**
**IPSAS 35 – CONSOLIDATED FINANCIAL STATEMENTS**

From given information candidates were required to: -

(a) Prepare the following in accordance with the relevant IPSAS;
   (i) Statement of Financial Performance for the year ended.
   (ii) Statement of Financial Position as at a given year.

(b) Discuss with examples, any five basic information that a reporting entity preparing consolidated financial statements need to disclose.

Candidates' performance in this question was not satisfactory. Out of 93 candidates who attempted the question, only 31 (33.3%) passed while the remaining 62 (66.7%) candidates failed.

Majority of the candidates were unable to follow format of preparing financial statements. They failed to make necessary adjustments for the preparation of financial statements.

**QUESTION 2: IPSAS 37 – JOINT ARRANGEMENTS; IPSAS 3 - ACCOUNTING POLICIES, CHANGES IN ACCOUNTING; ESTIMATES AND ERRORS**

Candidates were required to: -

(a) Use the given scenario to:

(i) Assess whether the given Ministry has controls or can form joint control and clearly identify the parties to be involved in joint control if it can be formed.

(ii) Explain the distinction between joint venture arrangement and joint operation arrangement.

(iii) Explain when the parties are required to reassess whether joint control continuously exist.

(b) Use the given scenario to:

(i) Comment on whether the change in the inventory cost formula is permitted.

(ii) Re-draft a company Statement of financial performance after change in inventory cost formula.

Candidates' performance in this question was satisfactory. Out of 93 candidates who attempted the question, 39 (41.9%) passed while 54 (58.1%) candidates failed.

Most of the candidates were unable to determine where there is a collective control. They failed to make adjustments on change of accounting policies or errors which affect retrospective.

**QUESTION 3: IPSAS 1: PREPARATION OF FINANCIAL STATEMENTS IPSAS 21: IMPAIRMENT OF NON-CASH-GENERATING ASSETS;**

(a) From the given information, candidates were required to: -

(i) Prepare extract statement of Financial Performance of the given Ministry for the year ended.

(ii) Prepare extract of Statement of Financial Position of the Ministry as at a given year ended.

(iii) Prepare extract of Statement of Financial Performance of the Ministry for the year ended.

(iv) Extract of Statement of Financial Position of the Ministry as at a given year ended.

(b) From the given scenario, candidates were required to;

(i) Explain four indicators that may suggest that a non-cash-generating asset is impaired.

(ii) Determine the impairment loss that should be recognised as at a given year ended.

(iii) Prepare the journal entry required to recognise the impairment loss and show the carrying amount of the building after impairment.

Candidates' performance in this question was not satisfactory. Out of 93 candidates who attempted the question, only 26 (28.0%) passed while the remaining 67 (72.0%) candidates failed.

Majority of candidates who failed were not able to determine when to capitalize costs and when to expense them based on the scenario provided.

**QUESTION 4: IPSAS 39: EMPLOYEE BENEFITS**

**IPSAS 20: RELATED PARTY DISCLOSURES**

(a) Candidates were required to use the given information to: -

(i) Explain four forms of related party relationship.

(ii) Describe six transactions or events that require related party disclosure and for each transaction explain the reasons of such disclosure.

(iii) Discuss whether you agree with the Director of Finance argument on disclosure of transactions with other Government-controlled entities.

(b) From the given information, candidates were required to: -

(i) Comment on the requirement of the standard on the recognition of a liability and expense relating to employee benefits.

(ii) Describe any four features that distinguish between "Defined contribution plans" and "Defined benefit plans.

Candidates’ performance in this question was satisfactory. Out of 93 candidates who attempted the question, 84 (90.3%) passed while 09 (9.7%) candidates failed.

Few candidates failed to distinguish between defined contribution plans and defined benefit plans.

### 3.6.4 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 93 candidates who attempted the examination paper, 48 (48.4%) passed while 45 (51.6%) candidates failed.

The candidates’ overall performance in the paper is as shown in Table 6 below:

**TABLE 6: D01 CLOSED BOOK PAPER CANDIDATES’ PERFORMANCE ANALYSIS**

| CLASSIFICATION OFMARKS | 0-49 | 50-100 | TOTAL |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 45 | 48 | **93** |
| PERCENTAGE (%) | 51.6 | 48.4 | 100 |

## 3.7 Analysis of Examination Performance: D02 – Open Book Paper

### 3.7.1 Principal Learning Outcome

Principal learning outcome of this paper is to examine candidates’ ability to apply International Public Sector Standards in providing accounting services for public sector.

### 3.7.2 Structure of the Question Paper:

The paper comprised four questions of which candidates were required to answer all.

### 3.7.3 Accounting Standards Examined and Candidates’Performance

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

**QUESTION 1: CONCEPTUAL FRAMEWORK**

**IPSAS 2 – CASH FLOW STATEMENTS**

From the given information, candidates were required to: -

(a) Prepare Statement of Cash Flows for the year ended using the direct method.

(b) Discuss the validity of the given statement by providing five advantages of using direct method to report cash flows information.

(c) Discuss the statement ‘’The demand for general purpose financial reports prepared under the International Public Sector Accounting Standards (IPSAS) is derived from the utility it provides to users. However, this utility is highly influenced by the quality of reported financial information’’.

Candidates’ performance in this question was satisfactory. Out of 86 candidates who attempted the question, 59 (68.6%) passed while 27 (31.4%) candidates failed.

Some candidates failed to adjust the additional information provided appropriately.

**QUESTION 2: IPSAS 42: SOCIAL BENEFITS**

**IPSAS 48: TRANSFER EXPENSES**

From the given information, candidates were required to:

(a) Use the given scenario to;

(ii) Evaluate whether each arrangement given can be treated as a transfer expense as per applicable standard.

(iii) Indicate the appropriate accounting treatment of each arrangement given in the financial statements of the Ministry for the year ended.

(b) Evaluate whether the given items are qualified to be accounted for as social benefits by the given Ministry.

Candidates’ performance in this question was not satisfactory. Out of 86 candidates who attempted the question, only 21 (24.4%) passed while the remaining 65 (75.6%) candidates failed.

Majority of the candidates failed to identify transfer expenses and some of them still linked to condition and restriction from IPSAS 23. They showed weaknesses in journal entries on how transactions are treated.

**QUESTION 3: IPSAS 45: PROPERTY, PLANT AND EQUIPMENT**
**IPSAS 1: PRESENTATION OF FINANCIAL STATEMENTS**

From the given scenarios, candidates were required to:

(a) Prepare a disclosure note indicating the total additions to property, plant and equipment arising from the parking project.

(b) Explain two measurement models available for the subsequent measurement of parking facility in accordance with the relevant IPSAS.

(c) Prepare extract of Statement of Financial Position as at a given year.

(d) Prepare extract of Statement of Financial Performance for the year ended.

Candidates' performance in this question was satisfactory. Out of 86 candidates who attempted the question, 43 (50.0%) passed while 43 (50.0%) candidates failed.

Most of candidates failed to identify the difference between property, plant and equipment (PPE) and investment property.

**QUESTION 4: IPSAS 45: PROPERTY, PLANT AND EQUIPMENT CONCEPTUAL FRAMEWORK AND INTRODUCTION TO IPSAS**

From the given information, candidates were required to: -

(a) Use the given scenario to;

(i) Describe the appropriate classification and accounting treatment for the given properties.

(ii) Explain any two reasons why the receipt of rental income is not, by itself, sufficient to establish that a property is investment property.

(b) Use the given scenario to;

(i) Explain four distinct benefits that the adoption of IPSAS can bring to the preparation and presentation of public sector financial statements.

(ii) Provide four reasons why the conceptual framework for general-purpose financial reporting in the public sector is important.

Candidates' performance in this question was satisfactory. Out of 86 candidates who attempted the question, 37 (43.0%) passed while 49 (57.0%) candidates failed.

Some candidates were unable to classify the PPE (property, plant and equipment) and investment property.

### 3.7.4 General Observations

(a) **Assessment of the paper**

The panel of examiners found the examination to be fair, well-balanced containing botheasy 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 86 candidates who attempted the question, 41 (47.7%) passed while 45 (52.3%) candidatesfailed.

The candidates' overall performance in the paper is as shown in table 5 below:

**TABLE 7: D02 OPEN BOOK PAPER CANDIDATES' PERFORMANCE ANALYSIS**

| CLASSIFICATION OF MARKS | 0-49 | 50-100 | TOTAL |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 45 | 41 | **86** |
| PERCENTAGE | 52.3 | 47.7 | **100** |

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# 4.0 PROFESSIONAL DIPLOMA IN INTERNAL AUDITING

## 4.1 Introduction

The Board conducts its Professional Diploma in Internal Auditing (PDIA) examinations twice in a year during the months of August and February. Under these examinations two levels of examinations are administered as PDIA level 1 and PDIA level 2, whereby examinations were conducted on Tuesday 1st September, 2026 and Thursday 3rd September, 2026.

## 4.2 Number of candidates

There were 25 and 33 candidates who sat for the Professional Diploma in Internal Auditing in Level 1 and level 2 respectively.

**Table 8: Paper-wise Candidates' Performance for PDIA examination session**

| SUBJECT | NO. CANDIDATE | PASS | % | FAIL | % |
|---|---|---|---|---|---|
| PDIA Level – 1 | 25 | 19 | 76.0 | 06 | 24.0 |
| PDIA Level - 2 | 33 | 28 | 84.8 | 05 | 15.2 |

## 4.3 Candidates qualifying for the award of letters of success for Professional Diploma in Internal Auditing Level 1 and 2

In this session of Professional Diploma in Internal Auditing examinations nineteen (19) candidates qualified for the award of the PDIA Level – 1 letter of success, and twenty-eight (28) candidates qualified for the award of the PDIA level -2.

## 4.4 Analysis of Examination Performance PDIA Level - 1

### 4.4.1 Principal Learning Outcome

Principal learning outcome of this paper is to examine candidates' ability to apply internal auditing principles, standards, professional frameworks and requirements, tools and technique to effectively plan, conduct, report and monitor internal audit findings for effective governance, risk management, organizational practices and control environment leading to operational efficiency and strategic execution in the respective organizations.

### 4.4.2 Structure of the Question Paper:

The paper comprised five (5) questions of which candidates were required to answer all.

### 4.4.3 Accounting Standards Examined And Candidates'Performance

In this examination session, candidates were examined on the following learning outcomes (topics):

**QUESTION 1: MIXED TOPICS**

Candidates were required to choose the most correct answer among the four given alternatives.

Candidates' performance in this question was satisfactory. Out of 25 candidates who answered the question, all 25 candidates passed.

There was no major weakness observed.

**QUESTION 2: UNDERSTANDING THE NATURE, SCOPE, PURPOSE, RESPONSIBILITY AND THE AUTHORITY OF INTERNAL AUDIT FUNCTION**

Candidates were required to:

(a) Use the given scenario to;

(i) Discuss five threats to the independence and objectivity of the Internal Audit function making reference to the IIA Code of Ethics and the relevant legal and institutional frameworks governing internal audit in Tanzania.

(ii) Recommend five appropriate safeguards that should be implemented to protect the independence and objectivity of the Internal Audit Unit in each of the situations identified in the scenario.

(b) Use the given scenario to;

(i) Explain five qualities of an effective internal auditor that are necessary to perform their responsibilities effectively.

(ii) Explain five methods that a given Municipal Council can use to acquire and develop the required competencies of internal auditors.

Candidates' performance in this question was satisfactory. Out of 25 candidates who answered the question, 21 (84.0%) passed while 04 (16.0%) candidates failed.

Some candidates failed to relate their answers to the case scenarios provided. They didn't know the threats, safeguards and failed to recognize communication as a quality of an effective internal auditor.

**QUESTION 3: APPLY AUDIT PRINCIPLES UNDERTAKING INTERNAL AN AUDIT ENGAGEMENT.**

Candidates were required to: -

(a) Use the financial information provided to calculate the following accounting ratios and assess the performance the Company.

(i) Current ratio

(ii) Gross Profit Margin

(iii) Net Profit Margin

(iv) Return on Total Assets (ROA)

(v) Debt-to-Equity Ratio

(b) Based on computed ratios in part (a), recommend two actions that management should take to improve the company's financial performance and financial position.

Candidates' performance in this question was satisfactory. Out of 25 candidates who answered the question, 17 (68.0%) passed while 08 (32.0%) candidates failed.

Most of the candidates failed to calculate and interpret the ratios.

**QUESTION 4: EVALUATE THE ADEQUACY AND THE EFFECTIVENESS OF GOVERNANCE RISK MANAGEMENT PRACTICES AND CONTROLS**

Candidates were required to:

(a) Use the given scenario to;

(i) Explain five weaknesses in the internal control system of the given Ministry.

(ii) Explain five ways which internal auditors can use to assess the effectiveness and adequacy of governance of the given Ministry.

(b) Use the given scenario to;

(i) Describe the process that a given authority should follow in adopting and implementing a risk management process based on ISO 31000:2018.

(ii) Discuss four techniques that Internal Auditors can use to audit the risk management process.

Candidates’ performance in this question was not satisfactory. Out of 25 candidates who answered the question only 09 (36.0%) candidates passed while the remaining 16 (64.0%) candidates failed.

Majority of the candidates demonstrated inadequate understanding of the risk management process prescribed by ISO 31000:2018. They had limited knowledge on how internal auditors assess the effectiveness and adequacy of an organization’s governance processes.

**QUESTION 5: DESCRIBE REQUIREMENTS OF QUALITY ASSURANCE AND IMPROVEMENT PROGRAMMES.**

Candidates were required to use the given scenario to: -

(a) Identify four weaknesses in the Internal Audit Unit's Quality Assurance and Improvement Program (QAIP).

(b) Explain the potential impact of any two weaknesses identified in (a) on the quality and effectiveness of the Internal Audit Function.

(c) Recommend four appropriate measures that the given CIA should implement to strengthen the QAIP.

(d) Explain two ways through which the given CIA can demonstrate continuous improvement program in the Internal Audit Unit to the Audit Committee.

Candidates’ performance in this question was not satisfactory. Out of 25 candidates who answered the question only 08 (32.0%) passed while the remaining 17 (68.0%) candidates failed.

Candidates showed limited ability to assess on how QAIP weakness affect the quality and effectiveness of the internal audit function. Inadequate knowledge of appropriate measures for strengthening QAIP. They failed to understand on how continuous improvement in the internal audit function can be demonstrated to the audit committee.

**4.4.4 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.

#### 4.4.5 Overall Candidates performance

Candidates’ performance in this examination paper was satisfactory. Out of 25 candidates who attempted the examination paper, 19 (76.0%) passed while 06 (24.0%) candidates failed.

The candidates’ overall performance in the paper is as shown in Table 8 below:

**TABLE 8: PDIA.01 PDIA LEVEL-1 PAPER CANDIDATES’ PERFORMANCE ANALYSIS**

| **CLASSIFICATION OF MARKS** | **0-49** | **50-100** | **TOTAL** |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 06 | 19 | **25** |
| PERCENTAGE (%) | 24.0 | 76.0 | **100** |

## 4.5 ANALYSIS OF EXAMINATION PERFORMANCE PDIA LEVEL 2

### 4.5.1 Principal Learning Outcome

Principal learning outcome of this paper is to examine candidates' ability to apply internal auditing principles, standards, professional frameworks and requirements, tools and technique to effectively plan, conduct, report and monitor internal audit findings for effective governance, risk management, organizational practices and control environment leading to operational efficiency and strategic execution in the respective organizations.

### 4.5.2 Structure of the Question Paper:

The paper comprised five (5) questions of which candidates were required to answer all.

### 4.5.3 Accounting Standards Examined and Candidates'Performance

In this examination session, candidates were examined on the following learning outcomes (topics):

**QUESTION 1: MIXED TOPICS**

Candidates were required to choose the most correct answer among the four given alternatives.

Candidates' performance in this question was satisfactory. Out of 33 candidates who answered the question, 26 (78.8%) passed while 07 (21.2%) candidates failed.

There was no major weakness observed.

**QUESTION 2: A: RISK BASED INTERNAL AUDIT PLAN**
**B: ADEQUACY AND EFFECTIVENESS OF GOVERNANCE,**
**C: RISK MANAGEMENT PRACTICES AND CONTROLS.**

Candidates were required to: -

(a) Use the given scenario to;

**4.3.1.1** Describe the procedures the Chief Internal Auditor should follow when establishing the:

1. Internal audit engagement objectives of the given company.
2. Audit criteria of the given company.
3. Scope of the procurement and inventory audit of the given company.

**4.3.1.2** Use the information provided with respect to the given company, perform a preliminary risk assessment by identifying four significant risks and proposing an appropriate audit response for each risk.

**4.3.2** Use the given scenario to:

**4.3.2.1** Discuss four key considerations that should guide the audit team during the conduct of internal audit engagement of the given company.

**4.3.2.2** Explain four types of documentation that should be maintained by the internal audit team throughout the engagement of the given company and state the importance of each type of documentation.

**4.3.2.3** Explain two ways in which the Audit Committee enhances the independence and objectivity of the internal audit function.

Candidates' performance in this question was satisfactory. Out of 33 candidates who answered the question, 16 (48.5%) passed while 17 (51.5%) candidates failed.

Most of the candidates failed to understand the four key considerations that should guide the audit team.

**QUESTION 3: EVALUATE THE ADEQUACY AND THE EFFECTIVENESS OF GOVERNANCE, RISK MANAGEMENT PRACTICES AND CONTROLS** .

Candidates were required to: -

(a) Use the given scenario to;

(i) Analyse four fraud risk indicators (red flags) from the given company case study and discuss why each should be of a concern to the Chief Internal Auditor (CIA).

(ii) Describe four procedures the internal audit team of the company should perform when conducting a fraud risk assessment.

(iii) Recommend two improvements that management should implement to strengthen fraud risk management at the given company.

(b) Use the given scenario to;

(i) Evaluate five Information Communication Technology risks evident in the given company case and recommend one appropriate control to mitigate each risk.

(ii) Evaluate three user authentication methods that should be implemented to strengthen access security of the given company.

(iii) Explain any two authorisation controls that should be implemented to prevent unauthorised access to information systems of the given company.

Candidates' performance in this question was satisfactory. Out of 33 candidates who answered the question, 29 (87.9%) passed while 04 (12.1%) candidates failed.

There is no weakness noted in this question.

**QUESTION 4: COMMUNICATE AUDIT RESULT TO SENIOR MANAGEMENT AND THE BOARD AND MONITOR DISPOSITION OF ACTION PLANS AGREED WITH MANAGEMENT**

Candidates were required to assume the responsibility as an auditor and use the given scenario to prepare a professional response addressing the following: -

(a) Prepare a formal internal audit finding using the **5 C's:** (Condition, Criteria, Cause, Consequence and Corrective Action).

(b) Identify six key internal audit stakeholders who should receive or be involved in communicating the audit results and briefly explain the role or interest of each stakeholder.

(c) State any four actions that Internal Audit should take to follow up the agreed corrective actions.

Candidates' performance in this question was satisfactory. Out of 33 candidates who answered the question, 26 (78.8%) passed while 07 (21.2%) candidates failed.

Some candidates failed to recognize that an internal audit report is primarily for internal communication and included external stakeholders as among the recipients of the communicated internal audit results.

**QUESTION 5: DEMONSTRATE AN UNDERSTANDING ON THE PROCUREMENT AUDIT**

Candidates were required to use the given scenario to: -

(a) Describe four procurement and supply chain risks evident in the company case with their possible impact to the organization.

(b) Discuss four objectives of a procurement audit.

(c) Evaluate the effectiveness of the company internal control system over procurement and inventory management.

(d) Recommend four improvements to strengthen procurement controls and reduce procurement risks.

Candidates' performance in this question was satisfactory. Out of 33 candidates who answered the question, 23 (69.7%) passed while 10 (30.3%) candidates failed. Candidates failed to evaluate the effectiveness of the given company internal control system by arguing their position in reference to the presented weaknesses in the company internal control system.

### 4.5.4 General Observations PDIA Level – 2

(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 33 candidates who attempted the examination paper, 28 (84.8%) passed while 05 (15.2%)candidates failed.

The candidates' overall performance in the paper is as shown in Table 9 below:

**TABLE 9: PDIA LEVEL 2 Candidates' PerformanceAnalysis**

| **CLASSIFICATION OFMARKS** | **0-49** | **50-100** | **TOTAL** |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 05 | 28 | **33** |
| PERCENTAGE (%) | 15.2 | 84.8 | **100** |

## 5.0 PROFESSIONAL DIPLOMA IN SUSTAINABILITY REPORTING

### 5.1 Introduction

The Board conducts its Professional Diploma in Sustainability Reporting (PDSR) examinations twice in a year during the months of February and August. In this session there were two examination papers, PDSR 01, Closed book paper and PDSR 02, Open book paper, whereby examinations were conducted on Monday 31st August, 2026 and Wednesday 2nd September, 2026.

### 5.2 Number of Candidates

There was a total of 120 candidates who sat for the Professional Diploma in Sustainability Reporting in all levels.

The candidature distribution in this session is as shown in Table 10:

**Table 10: Candidature distribution in PDSR examination session**

| Subject | No. of entries |
|---|---|
| PDSR 01 | 120 |
| PDSR 02 | 120 |

**Table 11: Paper-wise Candidates' Performance for PDSR examination session**

| SUBJECT | NO. CANDIDATE | PASS | % | FAIL | % |
|---|---|---|---|---|---|
| PDSR 01 | 120 | 118 | 98.3 | 02 | 1.7 |
| PDSR 02 | 120 | 57 | 47.5 | 63 | 52.5 |

Forty-three candidates passed both two papers.

### 5.3 Candidates qualifying for the award of letters of success for Professional Diploma in Sustainability Reporting.

In this session of Professional Diploma in Internal Auditing examinations forty-three (43) candidates qualified for the award of the PDSR Certificate after pass both papers.

## 5.4 Analysis of Examination Performance of PDSR – Closed Book Paper

### 5.4.1 Principal Learning Outcome

PDSR course is designed to equip learners with comprehensive knowledge, practical skills, and professional competencies in sustainability reporting in line with international best practices and emerging global regulatory requirements. The course responds to the increasing demand for qualified professionals capable of preparing, interpreting, and assuring sustainability and ESG-related disclosures.

### 5.4.2 Structure of the Question Paper:

The paper comprised four (4) questions of which candidates were required to answer all.

### 5.4.3 Accounting Standards Examined and Candidates'Performance

In this examination session, candidates were examined on the following learning outcomes (topics):

**QUESTION 1: MIXED TOPICS**

4.3.3 Candidates were required to choose the most correct answer among the four given alternatives.

4.3.4 State whether the statement is true or false.

4.3.5 Pair each item from **LIST A** with the statement from **LIST B** appropriately.

Candidates' performance in this question was satisfactory. Out of 120 candidates who answered the question, 118 (98.3%) passed while 02 (1.7) candidates failed.

There was no major weakness observed.

**QUESTION 2: SUSTAINABILITY STRATEGY, BENEFITS, COMPONENTS AND MATERIALITY ASSESSMENT**

Candidates were required to:

(c) Use the given information to,

(i) Discuss two differences between a "Sustainability Strategy" and a "Sustainability Framework" and provide one example of each.

(ii) Describe four benefits of developing a sustainability strategy.

(iii) Explain the key components of a sustainability strategy and their primary purpose in driving organizational performance.

(d) Explain the key steps involved in conducting a materiality assessment.

Candidates' performance in this question was not satisfactory. Out of 120 candidates who answered the question, 38 (31.7%) passed while the remaining 82 (68.3%) candidates failed.

Most of the candidates failed to explain benefits of developing a sustainability strategy, components of sustainability strategy and their primary purpose and steps involved in conducting a materiality assessment.

**QUESTION 3: TANZANIA LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORKS**

Candidates were required to: -

(e) Use the given information to;

4.3.5.1 Describe four benefits of developing and implementing sustainability policies for an organization.

4.3.5.2 Describe how organisations can integrate sustainability into Standard Operating Procedures (SOPs) and business processes.

(f) Describe the key stages of the Sustainability Reporting Roadmap issued by NBAA.

(g) Comment on this statement ‘’ regulators of financial reporting should concentrate on recognition, measurement, disclosure and presentation of financial statements items and leave the sustainability matters to environmental agencies’’.

Candidates' performance in this question was satisfactory. Out of 120 candidates who answered the question, 78 (65.0%) passed while 42 (35.0%) candidates failed. Most of the candidates failed to understand the requirements of the question. They were unable to link the answers with the case study.

**QUESTION 4: A: TANZANIA LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORKS**

**B: GLOBAL SUSTAINABILITY, FRAMEWORKS AND STANDARDS**

Candidates were required to use the given scenario: -

(c) Describe the key disclosure requirements under the "Governance" pillar of IFRS S2: *Climate-related Disclosures.*

(d) Use the given information to;

(i) Explain the difference between public sector and private sector sustainability expectations.

(ii) Describe any five roles of NEMC in supporting environmental compliance and sustainability reporting in Tanzania.

(iii) Describe any five roles of the NCMC in Tanzania's climate change framework and describe the responsibilities of accountants and auditors regarding sustainability reporting.

Candidates' performance in this question was not satisfactory. Out of 120 candidates who answered the question, 18 (15.0%) passed while the remaining 102 (85.0%) candidates failed.

Most of the candidates failed to complete the question.

### 5.4.4 General Observations PRSR 01

#### 5.4.4.1 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.

#### 5.4.4.2 Overall Candidates performance

Candidates' performance in this examination paper was satisfactory. Out of 120 candidates who attempted the examination paper, 106 (88.3%) passed while 14 (11.7) candidates failed.

The candidates' overall performance in the paper is as shown in Table 12 below:

**TABLE 12: PDSR.01 Paper: Candidates' PerformanceAnalysis**

| CLASSIFICATION OF MARKS | 0-49 | 50-100 | TOTAL |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 02 | 118 | **120** |
| PERCENTAGE (%) | 1.7 | 98.3 | **100** |

## 5.5 Analysis of Examination Performance PDSR 02

### 5.5.1 Principal Learning Outcome

The PDSR course is designed to equip learners with comprehensive knowledge, practical skills, and professional competencies in sustainability reporting in line with international best practices and emerging global regulatory requirements. The course responds to the increasing demand for qualified professionals capable of preparing, interpreting, and assuring sustainability and ESG-related disclosures.

### 5.5.2 Structure of the Question Paper:

The paper comprised five (5) case study questions of which candidates were required to answer all.

### 5.5.3 Accounting Standards Examined and Candidates'Performance

In this examination session, candidates were examined on the following learning outcomes (topics):

**QUESTION 1: A: SUSTAINABILITY GOVERNANCE STRUCTURES**

**B: ESG STRATEGY DESIGN AND POLICIES**

Candidates are required to use the given information to:

(a) Propose a sustainability governance structure for a company and recommend terms of reference for each level of structure and recommend two terms of reference for each level.

(b) Identify at least four priority ESG issues and explain why they are material to the company. Use a materiality assessment approach to justify your selection.

(c) Design a stakeholder engagement mechanism that would assist in enhancing the current approach and accommodate changing circumstances.

(d) Propose a mechanism to communicate ESG matters with the management of different departments.

Candidates' performance in this question was not satisfactory. Out of 120 candidates who answered the question, 43 (35.8%) passed while the remaining 77 (64.2%) candidates failed.

Most of the candidates failed to link their answers with the provided case study.

They didn't understand the requirements of the question.

**QUESTION 2: A : ESG STRATEGY DESIGN AND POLICIES**
**B : SUSTAINABILITY RISKS, OPPORTUNITIES AND MATERIALITY**
**C : GLOBAL SUSTAINABILITY, FRAMEWORKS AND STANDARDS**

Candidates were required to use the given scenario to: -

(a) Using the GHG Protocol framework, describe in detail the Scope 1, Scope 2, and Scope 3 emissions categories that would be relevant to the given company operations. Provide two specific examples for each scope based on the company's activities.

(b) Critically evaluate the management's assumption that its carbon footprint is minimal and explain why a comprehensive carbon footprint assessment is still necessary and what risks the company may face without one.

(c) Design a practical carbon footprint assessment methodology for the given company that would satisfy the requirements of its international investor.

(d) Explain three other significant environmental and social risks that the company should assess as part of its sustainability risk management framework. Propose mitigation strategies for each identified risk.

Candidates' performance in this question was satisfactory. Out of 120 candidates who answered the question, 74 (61.7%) passed while 46 (38.3%) candidates failed.

Most of candidates answer one part of the question only. They give general knowledge without linking their answers with the given case studies. The didn't answer a question on how to design a practical carbon footprint assessment methodology.

**QUESTION 3: A: SUSTAINABILITY ACTION PLANS (SAPs)**
**B: SUSTAINABILITY CULTURE AND CHANGE MANAGEMENT**

Candidates were required to use the given scenario to: -

(a) Develop a comprehensive Sustainability Action Plan (SAP) for a given company. The SAP should address the environmental, social, and governance challenges identified. Include specific actions, timelines, responsibilities, and measurable targets.

(d) Design a supply chain due diligence framework for a company that ensures suppliers and contractors adhere to sustainability standards.

(e) Explain how a given company can foster a sustainability culture across the organisation, from the boardroom to the construction site.

(f) Articulate how embedding sustainability into company operations can contribute to organisational resilience and long-term value creation. Address at least four dimensions of reliance and explain how each contributes to long-term value.

Candidates' performance in this question was not satisfactory. Out of 120 candidates who answered the question, 16 (13.3%) passed while the remaining 104 (86.7%) candidates failed.

Majority of the candidates failed to develop a comprehensive Sustainability action plan. They didn't answer question 3(d) on how embedding sustainability can contribute to organisational resilience and long-term value creation.

**QUESTION 4: A: GLOBAL SUSTAINABILITY, FRAMEWORKS AND STANDARDS**

**B: TANZANIA LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK**

**C: STAKEHOLDER ENGAGEMENT AND COMMUNICATION**

Candidates were required to use the given information to: -

(a) Based on the GRI Standards or IFRS S1: *General Requirements Framework*, explain the key disclosure topics that would be material to a given company. Consider the company's sector, operations, stakeholder concerns and the Tanzanian context.

(b) Design a stakeholder communication mechanism for a company that goes beyond the sustainability report itself.

(c) Develop a practical roadmap for the phased implementation of sustainability reporting over a 24-month period which is aligned with a roadmap included in the Technical Pronouncement No. 1 of 2024 issued by the National Board of Accountants and Auditors (NBAA). Include key milestones, resource requirements, and a cost-benefit analysis to justify the required sustainability reporting investment.

Candidates' performance in this question was satisfactory. Out of 120 candidates who answered the question, 71 (59.2%) passed while 49 (40.8%) candidates failed.

Most of the candidates failed to develop a practical roadmap for the phased implementation of sustainability reporting over a 24-month period which is aligned with a roadmap included in the Technical Pronouncement No. 1 of 2024 issued by the National Board of Accountants and Auditors (NBAA).

**QUESTION 5: A: SUSTAINABILITY RISKS, OPPORTUNITIES AND MATERIALITY**

**B: SUSTAINABILITY ACTION PLANS (SAPs)**

Candidates were required to use the given scenario to: -

(d) Explain the key requirements of the Central Bank of Tanzania's Climate-Related Financial Risk Management guidelines and their implications for a company's business model, governance structures, and risk management practices.

(e) Analyse the climate-related risks (both physical and transition risks) associated with three of the sectors in company's portfolio. For each sector, identify the specific risks and explain how they could translate into financial risks for the Bank (credit risk, market risk, operational risk, or liquidity risk).

(f) Recommend a comprehensive ESG and climate risk governance structure for a company.

(g) Discuss the factors that a given company should consider when determining its sustainability priorities.

Candidates' performance in this question was not satisfactory. Out of 120 candidates who answered the question, 45 (37.5%) passed while the remaining 75 (62.5%) candidates failed.

Majority of the candidates failed to understand the requirements of the question. They failed to analyse the climate-related risks (both physical and transition risks) associated with three of the sectors in company's portfolio. Most of them failed to link their answers with the case study provided.

### 5.5.4 General Observations PDSR 02

#### 5.5.4.1 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.

#### 5.5.4.2 Overall Candidates performance

Candidates' performance in this examination paper was not satisfactory. Out of 120 candidates who attempted the examination paper, 57 (47.5%) passed while the remaining 63 (52.5%) candidates failed.

The candidates' overall performance in the paper is as shown in Table 13 below:

**TABLE 13: PDSR. 02 Candidates' PerformanceAnalysis**

| CLASSIFICATION OFMARKS | 0-49 | 50-100 | TOTAL |
|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 63 | 57 | **120** |
| PERCENTAGE (%) | 52.5 | 47.5 | **100** |

# 6.0 22ND MID-SESSION EXAMINATIONS AUGUST 2026

## 6.1 Introduction

The Board conducts its mid-session examinations twice in a year during the months of February and August. In this 22nd Mid-session examination, examinations were conducted from Monday 31st August to Friday 4th September 2026.

Table 14 shows the number of candidates who sat for the examinations in each subject examined in the Mid-Session Examinations.

**Table 14: Candidates Sat for the 22nd Midsession Examinations**

| S/N | Subject | No. of candidates |
|---|---|---|
| 1. | A5 Business Law | 22 |
| 2. | B1 Financial Management | 129 |
| 3. | B2 Financial Reporting | 76 |
| 4. | B4 Public Finance and Taxation | 50 |
| 5. | B5 Performance Management | 156 |
| 6. | C1 Corporate Reporting | 175 |
| 7. | C2 Auditing and Assurance Services | 170 |
| 8. | C3 Business and Corporate Finance | 192 |
| 9. | C4 Advanced Taxation | 104 |

## 6.2 Overall Candidates Performance

Overall candidates' performance for the August 2026 examination session is as shown in Table 15.

**Table 15: Overall performance subject-wise**

| S/N | SUBJECT | NO. CANDIDATES | PASS | | FAILED | |
|---|---|---|---|---|---|---|
| | | | No. | % | No. | % |
| 1. | A5 Business Law | 22 | 17 | 77.3 | 05 | 22.7 |
| 2. | B1 Financial Management | 129 | 11 | 8.5 | 118 | 91.5 |
| 3. | B2 Financial Reporting | 76 | 48 | 63.2 | 28 | 36.8 |
| 3. | B4 Public Finance and Taxation | 50 | 23 | 46.0 | 27 | 54.0 |
| 4. | B5 Performance Management | 156 | 48 | 30.8 | 108 | 69.2 |
| 5. | C1 Corporate Reporting | 175 | 87 | 49.7 | 88 | 50.3 |
| 6. | C2 Auditing and Assurance | 170 | 68 | 40.0 | 102 | 60.0 |
| 7. | C3 Business & Corporate Finance | 192 | 66 | 38.9 | 126 | 65.6 |
| 8. | C4 Advanced Taxation | 104 | 60 | 57.6 | 44 | 42.3 |

**Table 16: Overall performance in levels**

| LEVEL | PASS | | FAIL | | TOTAL |
|---|---|---|---|---|---|
| | NO | % | NO | % | |
| Foundation | 11 | 68.8 | 05 | 31.2 | 16 |
| Intermediate | 51 | 21.9 | 182 | 78.1 | 233 |
| Final | 164 | 39.2 | 254 | 60.8 | 418 |
| **TOTAL** | **226** | **33.9** | **441** | **661.1** | **667** |

## 6.3 Examination Results

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

In this 22nd Mid-session examinations 162 candidates qualified for the award of letters of examination success and CPA (T) Certificate. Among them 82 (50.0%) are female and 81 (50.0%) are male.

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

In this 22nd Mid-session examinations 06 candidates qualified for the award of Examination Success Letters and CPA (T) Equivalent Certificate. Among them 04 (66.7%) are female and 02 (33.3%) are male.

**TABLE 17: Candidates required to repeat failed subjects**

| S/N | CODE | SUBJECT | NUMBER |
|---|---|---|---|
| 1. | A5 | Business Law | 05 |
| 2. | B1 | Financial Management | 118 |
| 3. | B2 | Financial Reporting | 28 |
| 4. | B4 | Public Finance and Taxation | 27 |
| 5. | B5 | Performance Management | 108 |
| 6. | C1 | Corporate Reporting | 88 |
| 7. | C2 | Auditing and Assurance | 102 |
| 8. | C3 | Business and Corporate Finance | 126 |
| 9. | C4 | Advanced Taxation | 44 |

## 6.4 Analysis of Examination Performance

### 6.4.1 A5 BUSINESS LAW

#### 6.4.1.1 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.

#### 6.4.1.2 Structure of the Question Paper:

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

#### 6.6.1.3 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 20 candidates who answered the question, 14 (70%) candidates passed while the remaining 06 (30%) candidates failed. Out of those who passed 11 (55%), 02 (10%) and 01 (05%) candidates scored pass, credit and distinction marks respectively.

Parts relating to the topic of Company law proved a bit tricky to some candidates.

**QUESTION 2: LEGAL SYSTEM OF TANZANIA; ETHICAL CONDUCT FOR PROFESSIONAL ACCOUNTANTS**

The candidates were required to use the given information to:

(a) Answer the following:

(i) Identify the statutory instrument that establishes the framework and hierarchy for the applicability of laws in Tanzania, and list the primary sources of law it authorizes.

(ii) Discuss the legal status of judicial decisions from other commonwealth jurisdictions before Tanzanian Courts and advise senior colleague on the applicability of the given year Kenyan judgement in the Tanzanian legal context.

(iii) Explain the strict conditions under which English Common Law, Doctrines of Equity, and Statutes of General Application apply in Tanzania, citing the specific historical date that limits their application.

(b) Also answer the following:

(i) Explain the meaning of the criminal wrong committed by the Senior Accountant under the Penal Code [Cap. 16 R.E 2023], and state the key legal elements required to establish this offence.

(ii) Explain the given external auditor's statutory and professional obligations to report this discovery under Tanzanian anti-financial crime laws and NBAA ethical guidelines.

Candidates' performance in this question was satisfactory. Out of 21 candidates who answered the question, 10 (47.6%) candidates scored pass marks while the remaining 11 (52.4%) candidates failed. There were neither credit nor distinction marks in this question.

Some candidates failed to understand the applicability of foreign laws of Tanzania, notion of received laws and key legal elements of forgery.

**QUESTION 3: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS; LAW OF GOVERNING BUSINESS ORGANIZATIONS IN TANZANIA**

The candidates were required to:

(a) Use the given information to:

(i) Identify and explain the legal irregularities committed by the Directors of the given Company.

(ii) Describe the appropriateness of the Registrar's decision to remove the Company from the register.

(iii) State the remedies that the Company directors can pursue against the decision of the Registrar.

(b) Explain the given statement with reference to the principles governing contractual capacity.

Candidates' performance in this question was satisfactory. Out of 22 candidates who answered the question, 17 (77.3%) candidates passed while the remaining 05 (22.7%) candidates failed. Out of those who passed 11 (50%) and 06 (27.3%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Some candidates did not fully understand the appropriateness and powers of the registrar of companies.

**QUESTION 4: WRONGS ASSOCIATED WITH ACCOUNTING PROFESSION**

Candidates were required to:

(a) Explain the conditions for agency ratification under Tanzanian law.

(b) Use the given scenario to:

   (i) Identify and explain three (3) crimes committed by the given people in the above scenario.

   (ii) Describe three (3) ethical principles that the given person has violated as an accounting professional.

Candidates' performance in this question was satisfactory. Out of 22 candidates who answered the question, 18 (81.8%) candidates passed while the remaining 04 (18.2%) candidates failed. Out of those who passed 14 (63.6%), 02 (9.1%) and 02 (9.1%) candidates scored pass, credit and distinction marks respectively.

Majority of candidates struggled to understand the conditions for ratification.

**QUESTION 5: CONTEMPORARY ISSUES, LAW AND ACCOUNTING PROFESSIONALS; ETHICAL CONDUCT FOR PROFESSIONAL ACCOUNTANTS**

Candidates were required to:

(a) Use the given information to:

   (i) Identify and explain four (4) salient features that characterise the code of ethics governing professional accountants and auditors.

   (ii) Discuss two (2) primary sources (both domestic and international) from which the ethical frameworks for accountants in Tanzania are derived.

   (iii) Describe the legal applicability and enforcement mechanisms of these ethical codes within the United Republic of Tanzania, highlighting the regulatory body responsible for oversight and the consequences of non-compliance.

(b) Explain four (4) ways in which professional accountants and auditors legally and operationally facilitate to secure operation of e-commerce/e-business in Tanzania, With reference to relevant legislation such as the Electronic Transactions Act, (Cap 442), the Personal Data Protection Act (Cap 44) and tax regulations,

Candidates' performance in this question was satisfactory. Out of 22 candidates who answered the question, 13 (59%) candidates passed while the remaining 09 (41%) candidates failed. Out of those who passed 09 (41%), 02 (09%) and 02 (09%) candidates scored pass, credit and distinction marks respectively.

Most candidates could not understand parts (a) and (b) of the question.

#### 6.4.1.4 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 22 candidates who answered the examination, 17 (77.2%) candidates passed while the remaining 05 (22.7%) candidates failed. Out of those who passed 16 (72.7%) and 01 (4.5%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this examination paper.

The candidate's overall performance in the subject is as shown in Table 18.

**TABLE 18: Candidate's Performance Analysis**

| **CLASSIFICATION OF MARKS** | **0-39** | **40-59** | **60-79** | **80-100** | **TOTAL** |
|---|---|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 05 | 16 | 01 | 00 | **22** |
| PERCENTAGE | 22.7 | 72.7 | 4.5 | 0.0 | **100** |

## 6.5 B1 FINANCIAL MANAGEMENT

### 6.5.1 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.

### 6.5.2 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.

### 6.5.3 Topics Examined and Candidates' Performance

The following topics were tested in this paper:

**QUESTION 1: RISK AND RETURNS**

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

(a)

(i) Distinguish between diversifiable and non-diversifiable risk in portfolio context

(ii) State the key determinants of portfolio return and portfolio risk.

(iii) Explain what an investor needs to do to ensure that a portfolio is efficiently diversified.

(b)

(i) Estimate the return and risk of the portfolio.

(ii) Explain the significance of the results.

(iii) Explain the appropriateness of the assumption that the returns are not correlated. What can the given Enterprises do to improve the risk-return outcome from its investments in the region?

Candidates’ performance in this question was not satisfactory. Out of 129 candidates who answered the question only 03 (2.3%) candidates scored pass marks while the remaining 126 (97.7%) candidates failed. There were neither credit nor distinction marks in this question.

Majority of the candidates failed to explain the determinants of return and risk and in computation of return and risk of portfolio.

**QUESTION 2: FINANCIAL MANAGEMENT SYSTEM; ADVANCED INVESTMENT APPRAISAL**

Candidates were required to:

(a) Use the given information to answer the following:

(i) State any two (2) major categories of financial institutions operating in Tanzania.

(ii) State the financial market in which it operates and any two (2) roles it plays in promoting economic growth, financial inclusion and poverty reduction, For each category in (i) above,

(b) (i) Determine the present value of the total costs associated with each alternative.

(ii) Recommend the most cost-effective alternative and justify your recommendation from both financial and sustainability perspectives.

Candidates’ performance in this question was not satisfactory. Out of 121 candidates who answered the question only 12 (10%) candidates scored pass marks while the remaining 109 (90%) candidates failed. There were neither credit nor distinction marks in this question.

Candidates failed to classify financial institutions.

**QUESTION 3: INVESTMENT DECISIONS**

(a) Candidates were required to use the given information to:

(i) Determine the initial investment outlay associated with the replacement decision.

(ii) Calculate the annual incremental after-tax operating cash flows generated by the new machine.

(iii) Determine the terminal-year cash flow, taking into account the disposal values and tax implications.

(iv) Evaluate the project using the Net Present Value (NPV) technique and advise the management whether the machine replacement proposal should be accepted or not.

(b) Discuss any two (2) major challenges in making replacement decision such as the one facing the given company.

Candidates' performance in this question was not satisfactory where all 70 candidates who answered the question failed.

Most candidates failed to understand the principles of capital budgeting and the analysis of relevant incremental cash flows.

**QUESTION 4: COST OF CAPITAL**

Candidates were required to:

(a) Use the given information to;

(i) Explain to shareholders two (2) inherent disadvantages of using profit as a performance measure and one (1) advantage of using wealth maximisation as a performance measure.

(ii) Explain the meaning of triple "bottom line" concept and how it relates to profit maximisation.

(b) Use given information to answer the following;

(i) Explain any errors of principle that have been made in the two (2) estimates of the cost of capital and produce revised estimates using both of the methods while stating clearly the assumptions made.

(ii) Discuss which of the revised estimates the given Company should use as the discount rate of capital investment appraisal. .

Candidates' performance in this question was not satisfactory. Out of 108 candidates who answered the question only 02 (02%) candidates scored pass marks while the remaining 106 (98%) candidates failed. There were neither credit nor distinction marks in this question.

The Concept of "The triple bottom line" concept is completely new to all the candidates as no one got it right.

**QUESTION 5: DIVIDEND POLICY; CAPITAL STRUCTURE**

Candidates were required to use the given information to:

(a)

(i) Demostrate, with appropriate calculations, that a shareholder owning 60 shares can maintain or improve current consumption over the next two (2) years while preserving future wealth if the project is undertaken and dividends are suspended. Clearly state any assumptions made.

(ii) Using the results in (i), discuss the implications of the proposal for dividend policy. In discussion, evaluate the relevance of dividend policy under perfect capital market assumptions and assess how real-world factors such as taxes, transaction costs, information asymmetry, and investor preferences may influence dividend decisions.

(b)

(i) For the current capital structure, calculate the Weighted Average Cost of Capital (WACC), the Earnings Per Share (EPS) and the debt to-equity ratio.

(ii) For each of the two (2) proposed refinancing options, calculate the new debt-to-equity ratio, WACC and EPS.

(iii) Based on your analysis, recommend which option given company should pursue, providing clear justification for your recommendation.

(iv) Based on your recommendation in (iii) above, discuss the potential impact on the Company's credit rating.

Candidates' performance in this question was not satisfactory where all 104 candidates who answered the question failed.

Most candidates failed to calculate the WACC for existing and new Financing options.

**QUESTION 6: FINANCING DECISIONS**

Candidates were required to use the given information to:

(a) Explain three (3) factors a Finance Manager should consider when deciding the type of debt finance to raise.

(b) Answer the following:

(i) Prepare an analytical report that assesses whether the given client should lease or borrow to finance the acquisition of the equipment. As a Senior Finance Analyst at the given company.

(ii) Determine the expected issue price of each bond using the given spot yield curve and assess the corresponding Yield to Maturity (YTM) in support of the client's strategic debt financing decision. Based on the information provided.

Candidates' performance in this question was not satisfactory where all 115 candidates who answered the question failed.

The concept of spot yield curve seems not to be understood by the candidates.

**6.5.4 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 129 candidates who answered the examination only 11 (8.5%) candidates passed while the remaining 118 (91.5%) candidates failed. There were neither credit nor distinction marks in this examination paper.

The candidates 'over-all performance in the subject is as shown on Table 19.

**TABLE 19: B1 Candidates' Performance Analysis**

| CLASSIFICATIONOF MARKS | 00-39 | 40-59 | 60-79 | 80-100 | TOTAL |
|---|---|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 118 | 11 | 00 | 00 | **129** |
| PERCENTAGE | 91.5 | 8.5 | 0.0 | 0.0 | **100** |

## 6.6. B2 FINANCIAL REPORTING

### 6.6.1 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.

### 6.6.2 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.

### 6.6.3 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:

(a) Prepare the Statement of Profit or Loss and Other comprehensive Income of the given Manufacturing company for the given year end in accordance with *IAS 1: Presentation of Financial Statements*.

(b) Prepare the Statement of Profit or Loss and Other comprehensive Income of the given Manufacturing company for the given year end in accordance with *IAS 1: Presentation of Financial Statements*.

(c) Explain the accounting treatment of the "proposed final dividend" and justify your answer with reference to the relevant IFRS requirement.

Candidates' performance in this question was not satisfactory where all 76 candidates who answered the question failed.

Some candidates lacked knowledge on treatment of some elements of financial statement in manufacturing Company.

**QUESTION 2: PREPARING CONSOLIDATED FINANCIAL STATEMENTS**

Candidates were required to use the given information to:-

(a) Prepare a consolidated statement of financial position of the given Group as at the given date, assuming that the non-controlling interest in the given company is to be measured at the appropriate proportion of the company's identifiable net assets.

(b) State any four (4) conditions that must be satisfied for a parent entity to be exempted from preparing consolidated financial statements.

Candidates' performance in this question was not satisfactory. Out of 65 candidates who answered the question only 23 (35.0%) candidates scored pass marks while the remaining 42 (65.0%) candidates failed. There were neither credit nor distinction marks in this question.

Majority of the candidates do not understand Consolidation.

**QUESTION 3: PREPARING FINANCIAL STATEMENTS (CASH FLOW)**

Candidates were required to use the provided information to:

(a) Prepare a Statement of Cash Flows of the given Company for the given year end in accordance with *IAS 7: Statement of Cash Flows.*

(b) Explain the requirements of IPSAS 24: Presentation of Budget Information in Financial Statements and advise whether the given Municipal Council has complied with the standard

Candidates' performance in this question was not satisfactory where all 70 candidates who answered the question failed.

Candidates lack attention to details.

**QUESTION 4: LEASES**

Candidates were required to use the given information to:-

(a)

(i) Calculate the initial measurement of the lease liability and the right-of-use asset and provide the double entries needed to record these amounts in the given person financial statements.

(ii) Discuss five (5) conditions under which a lease contract can be classified as finance lease as per *IFR 16: Lease*

(b) Determine and show how the information relating to this machine would be represented in the financial statements of the given Company for the given year end.

(c) Explain any three (3) conditions for an entity to classify a single non-current asset or a group of assets as held for sale as per *IFRS 5: Non current Assets held for sale and discontinue operations.*

(d) Determine the difference between "taxable temporary difference" and "deductible temporary difference" as defined in *IAS 12: Income taxes*.

Candidates' performance in this question was not satisfactory where all 45 candidates who answered the question failed.

Some of candidates lack understanding of this topic.

**QUESTION 5: FINANCIAL STATEMENTS ANALYSIS AND EVALUATION**

Candidates were required to use the given information to:-

(a) Compute the following ratios for the given company for both given years:

(i) Operating Profit Margin.

(ii) Return on Capital Employed.

(iii) Net Asset Turnover.

(iv) Gearing Ratio.

(v) Interest Cover Ratio

(b) Evaluate the financial performance and position of the given company in terms of profitability, efficiency and ability to service debt.

(c) With aid of practical example, discuss four (4) reasons why increased investment in non-current assets may not necessarily improve profitability.

Candidates' performance in this question was not satisfactory where all 77 candidates who answered the question failed.

Some of candidates failed to evaluate financial performance and position in terms of profitability & efficiency

**QUESTION 6: FINANCIAL PERFOMANCE AND EVENTS AFTER THE REPORTING PERIOD**

Candidates were required to use the given information to:-

(a) Explain any five (5) reasons why it is important to have financial reporting regulatory framework in Tanzania in ensuring compliance and quality of financial statements.

(b) If an entity changes its accounting policy under *IAS 8: Basis of preparation of financial statements* what role does consistency play in maintaining comparability?

(c) Calculate the basic Earnings Per Share (EPS) as per *IAS 33: Earning Per Share* for the given year end.

(d) Explain measurement bases of the elements of financial statements under the International Accounting Standard Board (IASB) Conceptual Framework.

Candidates' performance in this question was not satisfactory where all 57 candidates who answered the question failed.

Candidates failed to understand requirement of the question.

### 6.6.4 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-five 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 76 candidates who answered the examination 48 (63.2%) candidates passed while the remaining 28 (36.8%) candidates failed. No candidate scored credit and distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table 20.

**TABLE 20: B2 Candidates' Performance Analysis**

| **CLASSIFICATION OF MARKS** | **00-39** | **40-59** | **60-79** | **80-100** | **TOTAL** |
|---|---|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 28 | 48 | 00 | 00 | 76 |
| PERCENTAGE | 36.8 | 63.2 | 0.0 | 0.0 | 100 |

## 6.7 B4 PUBLIC FINANCE AND TAXATION

### 6.7.1 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.

### 6.7.2 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.

### 6.7.3 Topics Examined and Candidates' Performance

The following topics were tested in this paper:

**QUESTION 1: PAYMENT PROCEDURES OF TAX**

(a) Candidates were required to use the given information to:

(i) Explain the circumstances under which an individual is exempted from filing a Statement of Estimated Tax Payable.

(ii) Explain three (3) payments excluded from the computation of investment income, With reference to Income Tax Act, Cap 332,

(iii) Compute the investment income with respect to the given person and justify the exclusion of any item from your computation, For the given year of income.

(b) Also to use the given information to:-

(i) Describe the withholding tax system and five (5) examples of at least three (3) payments that are subject to withholding tax.

(ii) State the justification of withholding tax system, including in your answer reference to in cannons of taxation.

Candidates’ performance in this question was satisfactory. Out of 50 candidates who answered the question, 26 (52.0%) candidates passed while the remaining 24 (48.0%) candidates failed. Out of those who passed 16 (32.0%), 10 (20.0%) and 01 (3.9%) candidates scored pass, credit and distinction marks respectively.

Many candidates failed to treat debenture interest, possibly because they do not know that individual’s income from investment is accounted on cash basis.

**QUESTION 2: EMPLOYMENT INCOME**

Candidates were required to use the given information to:

(a) Answer the following:-

   (i) Discuss three (3) legal characteristics that determine the existence of an employment relationship for income tax purposes.

   (ii) Advise whether the given person is engaged in employment for tax purposes, referring to the characteristics of a contract of service and a contract for services.

(b) Calculate the given person’s total taxable income for the given year of income.

(c) Discuss any six (6) areas where chargeability of an individual’s income from employment differs between employee of the government of the United Republic of Tanzania and an employee in the private sector.

Candidates’ performance in this question was satisfactory. Out of 49 candidates who answered the question, 24 (48.9%) candidates passed while the remaining 25 (51%) candidates failed. Out of those who passed 18 (36.7%), 05 (10.2%) and 01 (2.0%) candidates scored pass, credit and distinction marks respectively.

Some Candidates appear to be confusing between housing allowance and housing benefits and failed to account/treat scholarship properly.

**QUESTION 3: PUBLIC FINANCE AND COMPUTATION OF TAXABLE INCOME**

Candidates were required to use the given information to:

(a) (i) Discuss two (2) main types of debts and identify with reason which one among the two (2) that people usually mean when they speak about the "national debt"

(ii) Explain the differences between the national debt and a deficit.

(iii) Explain what it means to monetise the debts.

(iv) Describe any four (4) recommended approaches in reducing a public debt burden for countries like Tanzania. .

(b) Calculate the deprecation allowance that the given dealer is entitled to claim for the given year of income.

Candidates' performance in this question was satisfactory. Out of 45 candidates who answered the question, 27 (60.0%) candidates passed while the remaining 18 (40.0%) candidates failed. Out of those who passed 19 (42.2%) and 08 (17.8%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of candidates appear to be unware of the concept to monetize the debts.

**QUESTION 4: VALUE ADDED TAX**

Candidates were required to use the given information to:

(a) Compute VAT payable/repayable for the given month.

(b) Briefly explain two (2) conditions for zero rating a supply of services connected to temporary imports.

Candidates' performance in this question was not satisfactory. Out of 47 candidates who answered the question only 11 (23.4%) candidates passed while the remaining 36 (76.6%) candidates failed. Out of those who passed 08 (17.0%) 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 apply 16% rates for the supplies made to unregistered individual customers who make payments electronically.

**QUESTION 5: CUSTOMS**

Candidates were required to answer the following:

(a) Explain the concept of direct consignment rule as applied in rules of origin.

(b) Discuss how the agricultural sector differs from other sectors in relation to income tax treatment, with two (2) examples.

(c) Discuss two (2) economic effects of the proposed taxation changes on each of the following:

   (i) Consumers

   (ii) Producers

   (iii) Savers/investors

   (iv) Workers

(d) Compute the gains or losses arising from the relevant transactions, using the given case study.

Candidates' performance in this question was satisfactory. Out of 50 candidates who answered the question, 11 (47.8%) candidates scored pass marks while the remaining 12 (52.2%) candidates failed. There were neither credit nor distinction marks in this question.

Most of the candidates were unaware of the "direct consignment" concept and the uniqueness of Agricultural sector.

**QUESTION 6: INTRODUCTION TO INCOME TAXATION; NON COMPLIANCE WITH INCOME TAX ACT**

Candidates were required to use the given information to:

(a) Answer the following:

   (i) Calculate penalty with respect to given investment for failure to file statement of estimated tax and return of income.

(ii) Calculate interest with respect to the given investment for understating estimated tax payable by installment.

(iii) Calculate interest with respect to the given investment for failure to pay estimated tax and tax on return of income on or before the due date.

(b) Comment on the validity of such statement bearing in mind the justification for withholding tax.

(c) State with reason, whether the income is chargeable in Tanzania or not. For each of sources of income shown above.

Candidates' performance in this question was not satisfactory. Out of 36 candidates who answered the question only 12 (33.3%) candidates passed while the remaining 24 (66.7%) candidates failed. Out of those who passed 10 (27.8%) and 02 (5.6%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question

Most candidates do not know how to differentiate between estimated tax payable and estimated taxable income in computation.

**6.7.4 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 examination, 23 (46.0%) candidates passed while the remaining 27 (54%) candidates failed. Out of those who passed 20 (40.0%) and 03 (6.0%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table 21.

**TABLE 21: B4 Candidates' Performance Analysis**

| CLASSIFICATION OF MARKS | 00-39 | 40-59 | 60-79 | 80-100 | TOTAL |
|---|---|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 27 | 20 | 03 | 00 | **50** |
| PERCENTAGE | 54.0 | 40.0 | 6.0 | 0.0 | **100** |

## 6.8 B5 PERFORMANCE MANAGEMENT

### 6.8.1 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.

### 6.8.2 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.

### 6.8.3 Topics examined and Candidates' Performance

The following topics were tested in this paper:

**QUESTION 1: DECISION MAKING TECHNIQUES**

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

(a) As the Senior Cost and Management Accountant:

(i) Calculate the expected demand (expected number of tickets sold per concert) using the probability distribution provided above.

(ii) Prepare decision analysis for each feasible ticket procurement alternative given and determine the optimal number of tickets to be procured that maximises the company's expected profit per concert.

(iii) Calculate the expected profit per concert and the expected annual profit associated with the optimal procurement decision identified in part (ii) above

(b)

Calculate the Expected Value With Perfect Information (EVWPI).

(i) Calculate the maximum amount that the said company would be ready to pay the given company for predicting the popularity of a planned event.

(c) Using relevant knowledge on management accounting and decision-making on entertainment:

(i) Distinguish clearly between decision-making under risk and decision-making under uncertainty.

(ii) Identify the decision environment currently faced by the given company and justify your answer.

(d) For the given information, recommend two (2) practical strategies that the given Company could implement to improve ticket procurement decisions, manage demand risk, and enhance profitability within Tanzanian's entertainment industry.

Candidates' performance in this question was not satisfactory where all 156 candidates who answered the question failed.

Most candidates failed to calculate the Expected Value and unable to answer the other parts of the question.

**QUESTION 2: STANDARD COST AND VARIANCE ANALYSIS**

Candidates were required to use the given information to:

(a) Calculate the standard direct labour cost per hour.

(b) Calculate the actual direct labour hours worked during the month

(c) Calculate the following direct labour variance:

(i) Direct labour rate variance.

(ii) Direct labour efficiency variance.

(iii) Total direct labour cost variance.

(d) Calculate the following variable overhead items:

   (i) Variable overheads absorption rate per direct labour hour.

   (ii) Variable overheads absorbed.

   (iii) Variable overheads spending variance.

   (iv) Variable overheads efficiency variance.

   (v) Total variable overheads variance.

Candidates' performance in this question was not satisfactory. Out of 96 candidates who answered the question only 03 (3.1%) candidates scored pass marks while the remaining 93 (96.9%) candidates failed. There were neither credit nor distinction marks in this question.

Most candidates failed to relate the information given to calculate direct labour cost which was the key to calculate other figures.

**QUESTION 3: COST ACCOUNTING TECHNIQUES**

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

(a) Determine the gross margin (in percentage) for each product, allocating the overheads on the basis of production volume.

(b) Identify appropriate allocation basis for each of four (4) pools of manufacturing overheads and determine Activity-Based Costing (ABC) overhead allocation rates.

(c) Calculate manufacturing overhead costs per product using ABC.

(d) With reference to the computations, explain which one is a superior overheads allocation approach between unit (volume) and ABC and provide justifications for using the stated approach.

Candidates' performance in this question was not satisfactory. Out of 105 candidates who answered the question only 28 (26.7%) candidates passed while the remaining 77 (73.3%) candidates failed. Out of those who passed 21 (20.0%), 06 (5.7%) and 01 (0.9%) candidates scored pass, credit and distinction marks respectively.

Many candidates failed to apply appropriate allocation bases for overheads, in terms of selecting the bases and make the respective computations.

**QUESTION 4: DECISION MAKING TECHNIQUES**

Candidates were required to use the given information to:

(a) Calculate the number of loan applications that the given company must process to:

(i) break even.

(ii) earn a profit of the given amount.

(b) Calculate the number of applications that the given Company must process to earn a targeted profit of the given amount, assume that, the promotional costs increased by the given amount.

(c) Calculate the loan application fee that must be charged, assume that, the given Company must earn a profit of the given amount and the company projects only 500 loan applications for the coming year.

(d) Determine the amount that can be spent on promotional cost if the highest fee tolerable to the customer is TZS.560,000 for every loan application processed, assuming that variable costs cannot be reduced, and the targeted profit is TZS.100,000,000, If the given Company can handle a maximum of 750 applications.

(e) Explain any four (4) limitations of the analysis you have used in parts (a), (b), (c) and (d) above.

Candidates' performance in this question was not satisfactory. Out of 124 candidates who answered the question only 45 (36.3%) candidates passed while the remaining 79 (63.7%) candidates failed. Out of those who passed 11 (8.9%), 17 (13.7%) and 17 (13.7) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to apply different deviations from the basic CVP data in order to analyse different decision scenarios.

## QUESTION 5: PERFOMANCE MEASUREMENT AND CONTROL

Candidates were required to use the given information to: -

(a) (i) Compute profit margin, investment turnover and return on investment for each division.

(ii) Determine the residual income for each division.

(iii) Evaluate the performance of the two (2) divisions based on your computations above, and comment on relative superiority of residual income over return on investment as divisional performance measurement criteria.

(b) Explain any three (3) attributes of a good divisional performance measures, and suggest examples of measures that potentially achieve the suggested attributes.

(c) Discuss any four (4) advantages and four (4) disadvantages of using Shareholders Value Added (SVA) as a performance measure.

Candidates' performance in this question was satisfactory. Out of 149 candidates who answered the question, 80 (53.7%) candidates passed while the remaining 69 (46.3%) candidates failed. Out of those who passed 53 (35.6%), 23 (15.4%) and 04 (2.7%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to compute some basic performance measurement metrics like investment turnover including appropriately presenting the same.

## QUESTION 6: BUDGETARY PLANNING AND CONTROL

Candidates were required to use the given information to:

(a) Explain any four (4) reasons that make cash budgeting important for effective liquidity management and working capital control in manufacturing organisations.

(b) Prepare in columnar form a Cash Budget for the given months of the year for the given Company.

(c) Discuss the budgetary process in the context of Public Sector Organisations (PSOs) in Tanzania by providing clear and detailed procedures as per relevant planning and budgeting frameworks.

Candidates' performance in this question was satisfactory. Out of 150 candidates who answered the question, 77 (51.33%) candidates passed while the remaining 73(48.67%) candidates failed. Out of those who passed 46 (30.67%), 22 (14.67%) and 09 (06%) candidates scored pass, credit and distinction marks respectively.
Few candidates failed to prepare cash budget.

### 6.8.4 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 156 candidates who answered the examination only 48 (30.8%) candidates passed while the remaining 108 (69.2%) candidates failed. Out of those who passed 44 (28.2%) and 04 (2.6%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table 22.

**TABLE 22: B5 CANDIDATES' PERFORMANCE ANALYSIS**

| **CLASSIFICATION OFMARKS** | **00-39** | **40-59** | **60-79** | **80-100** | **TOTAL** |
|---|---|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 108 | 44 | 04 | 00 | **156** |
| PERCENTAGE | 69.2 | 28.2 | 2.6 | 0.0 | **100** |

## 6.9 C1 CORPORATE REPORTING

### 6.9.1 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.

### 6.9.2 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.

### 6.9.3 Topics examined and Candidates' Performance

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

**QUESTION 1: GROUP FINANCIAL STATEMENTS.**

Candidates were required to prepare:

(a) Prepare the consolidated statement of financial position f as at a given year.

(b) Discuss the ethical responsibility of a given company accountant regarding the plans of the directors.

Candidates' performance in this question was satisfactory. Out of 175 candidates who answered the question,30 (17.1%) candidates passed while the remaining 145 (82.9%) candidates failed. Out of those who passed 26 (14.9%), 02 (1.1%) and 02 (1.1%) candidates scored pass, credit and distinction marks respectively

Most candidates failed to: calculate Goodwill arising from consolidation, determining Non-Controlling Interest and determining group R/E.

**QUESTION 2: (i) CONCEPTUAL FRAMEWORK**

**(ii) NON-CURRENT ASSETS**

Candidates were required to use given information to:

(a) :

(i) Discuss reasons why accounting standards are needed to help the market mechanism work effectively for the benefit of preparers and users of corporate reports

(ii) Discuss benefits of financial statements to users and costs to the preparers as a result of increased disclosure of information in financial statements

(b) In accordance with IAS 38: Intangible Assets, describe the appropriate financial reporting treatment of the above transaction in the financial statements of a given company.

(c) Use the given information to:

(i) Identify reportable segments of company x as per IFRS 8: Operating Segment

(ii) Explain the aggregation criteria as per IFRS 8: Operating Segment when two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principles of IFRS 8: Operating Segment.

Candidates' performance in this question was satisfactory. Out of 173 candidates who answered the question 139 (80.3%) candidates passed while the remaining 34 (19.7%) candidates failed. Out of those who passed 57 (41%), 69 (43.8%) and 13 (15.2%) candidates scored pass, credit and distinction marks respectively.

Candidates failed to use appropriate computations to identify reportable segment and failed to list aggregation criteria.

**QUESTION 3: REPORTING FINANCIAL PERFOMANCE**

(a) Candidates were required to use given information in accordance with IAS 12: Income Taxes to:

(i) calculate the deferred tax assets and deferred tax liabilities arising from the above temporary differences.

(ii) determine the current tax expense, deferred tax expense (or income), and total income tax expense to be recognized in profit or loss for the end of given year.

(b) By applying IFRS 2: Share-based Payment:

(i) Calculate the share-based payment expense to be recognized for the end of given year.

(ii) Determine the cumulative expense that should be recognized by given year.

(iii) State the journal entries required for both years.

(c) In accordance with IFRS 6: Exploration for and Evaluation of Mineral Resources:

(i) Identify which of the above expenditures qualify for capitalization as exploration and evaluation assets

(ii) Calculate the carrying amount of exploration and evaluation assets as at a given year

(iii) Explain how these assets should be classified, reclassified and tested for impairment once technical feasibility and commercial viability have been established

(d) Discuss any major differences between full IFRSs and IFRS for SMEs and evaluate whether the Director of finance’s assertion is correct or not

Candidates’ performance in this question was satisfactory. Out of 147candidates who answered the question, 95 (64.6%) candidates passed while the remaining 52 (35.4%) candidates failed. Out of those who passed 61 (41.4%), 10 (21.1%) and 03 (2.0%) candidates scored pass, credit and distinction marks respectively.

Some candidates failed to calculate deferred taxes and subsequent reporting as well as shared-based payment and subsequent reporting.

**QUESTION 4: (i) RATIO ANALYSIS**

**(ii) ESG AND SUSTAINABILITY REPORTING**

(a) Candidates were required to:

(i) Calculate the following missing ratios for the given year:

1. Operating profit margin;
2. Return on capital employed;
3. Return on parent's equity funds;
4. Debt to equity ratio;
5. Current ratio.

(ii) Using the computed ratios in (i) above, the earnings per share figures, and the human right measures provided in Note (3), produce a report addressed to the company's Board of Directors to assess the financial and social performance for the given year, relative to the comparative year

(b) Explain the concept of double materiality as used in ESG and sustainability reporting.

Candidates' performance in this question was not satisfactory. Out of 110 candidates who answered the question only 28 (26.0%) candidates passed while the remaining 82 (74.0%) candidates failed. Out of those who passed 22 (20.0%) and 06 (5.0%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most of the candidates failed to understand requirements of the question.

**QUESTION 5: REPORTING THE SPECIALIZED ENTITIES AND SPECIALIZED TRANSACTIONS.**

(a) Candidates were required to:

(i) Calculate the carrying amount of biological assets to be reported in the Statement of Financial Position as a given year by clearly indicating the gain or loss arising from changes in fair value less costs to sell during the year.

(ii) Determine the amount of agricultural products to be recognized at the point of harvest and prepare necessary calculations to determine the profit or loss arising from the subsequent sale and valuation of inventory.

(iii) Show the accounting treatment of the government grant in accordance with IAS 41: Agriculture.

(iv) Calculate the total amount relating to agriculture that will be recognized in profit or loss for the given year.

(b) In line with IFRS 15: Revenue from contracts with customers, explain whether X is a principal or agent and indicate how it would determine the amount of revenue to be recognized from the ticket sales.

Candidates' performance in this question was not satisfactory. Out of 94 candidates who answered the question, 29 (30.9%) candidates passed while the remaining 65 (69.1%) candidates failed. Out of those who passed 25 (26.6%), and 04 (4.3%) and 01 (1.3%) candidates scored pass and credit marks. No candidates scored distinction marks.

Most candidates failed to determine gain or losses arising from initial and subsequent measurements of biological assets. On other hand candidates failed to distinguish principal and agent in applying IFRS 15

### 6.9.4 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 satisfactory. Out of 175 candidates who answered the examination 87 (49.3%) candidates passed while the remaining 88 (50.7%) candidates failed. There were no distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table 23.

**TABLE 23: CI CANDIDATES' PERFORMANCE ANALYSIS**

| CLASSIFICATION OF MARKS | 00-39 | 40-59 | 60-79 | 80-100 | TOTAL |
|---|---|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 88 | 85 | 02 | 00 | **175** |
| PERCENTAGE | 50.3 | 48.6 | 1.1 | 0.0 | **100** |

## 6.10 C2 AUDITING AND ASSURANCE SERVICES

### 6.10.1 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.

### 6.10.2 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.

### 6.10.3 Topics Examined and Candidates' Performance

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

**QUESTION 1: LEGAL , REGULATORY AND ETHICAL ISSUES.**

(a) Candidates were required to use the given information to:

(i) Identify and discuss ethical threats to independence that exist in the above scenario.

(ii) Clearly state which fundamental principle(s) are at risk for each threat identified in (i) above.

(iii) Use each threat identified in (i) above, to recommend appropriate safeguards that company X should implement or state whether the threat is so significant that the engagement should be declined.

(b) Also to use the given information to:

(i) Prepare notes for a planning meeting which identify the circumstances to company X that should be taken into account when planning the audit, explaining clearly the reasons for these matters to be taken into account.

(ii) State the benefits of undertaking audit planning

(c) Discuss regulatory issue, professional issue and ethical issue to be considered by the company before appointing the external auditor.

(d) Describe the appropriate audit opinion to be issued in the case of Company X, assuming you are the external auditor of the company, based on the information provided above.

Candidates' performance in this question was satisfactory. Out of 146 candidates who answered the question, 165 (97%) candidates passed while the remaining 05 (3.0%) candidates failed. Out of those who passed 27 (16%), 89 (52%) and 49 (29%) candidates scored pass, credit and distinction marks respectively.

Candidates who failed in this question were not able to identify circumstances that auditor of company X should take into account when planning the audit instead they give general answer and not specific to the given scenario.

**QUESTION 2: (i) ASSESSMENT OF RISK, INTERNAL CONTROL AND INTERNAL FINANCIAL CONTROL**

**(ii) ACCEPTING ENGAGEMENT AND MANAGING ASSIGNMENTS**

(a) Candidates were required to use the given information to:

(i) Describe the objectives of exercising internal control over sales order processing. For each objective, discuss the extent to which the procedures exercised by company x achieve the objective.

**Note:** You are not required to consider sales invoicing or ledger processing.

(ii) Explain deficiencies in the system described in the scenario above. For each deficiency, you should include the possible consequence of the deficiency and a recommendation to remedy the deficiency.

(iii) In accordance with *ISA 220 (Revised): Quality Management for an Audit of Financial Statements,* explain responsibilities of the engagement partners for managing and achieving quality on audits.

Candidates' performance in this question was not satisfactory. Out of 146 candidates who answered the question only 60 (41.0%) candidates passed while the remaining 86 (59.0%) candidates failed. Out of those who passed 49 (34.0%) and 11 (8.0%) candidates scored pass and credit. No candidate scored distinction mark.

Majority of the candidates failed to describe and connect the objectives of internal control with how those in place at a given company have been able to achieve this objective. Most of them just mentioned objectives in general without connecting to the case of a given company.

**QUESTION 3: EVALUATION OF ACCOUNTING TREATMENTS AND OTHER AUDIT CONSIDERATION**

Candidates were required to use the given information to:

(a) Discuss whether the management has appropriately made correct accounting treatments on the matters described above in accordance with the relevant IFRSs.

(b) Describe the audit procedures you would perform in relation to each of the above matter.

(c) Discuss any audit adjustments required to each of the above matter to ensure conformity with IFRSs.

(d) Evaluate the potential impact on the auditor's report if the management refuse to make the adjustments proposed in (c) above.

Candidates' performance in this question was not satisfactory. Out of 94 candidates who answered the question only 31 (33.0%) candidates scored pass marks while the remaining 63 (67.0%) candidates failed. Out of those who passed 24 (26.0%) and 07 (7.0%) candidates scored pass and credit. No candidate scored distinction mark.

Most candidates failed to apply appropriate accounting standard requirement to treat the item of the scenario and this not make be able to answer question properly since all requirements of the question depends on how well they understand and apply the accounting standard.

**QUESTION 4: (i) AUDIT EVIDENCE**

**(ii) DRAWING CONCLUSION AND REPORTING**

(a) Candidates were required to use the given information to:

(i) Describe the key receipts and payments that you would expect to be included in the cash flow forecasts prepared by the directors of company x. For each receipt and payment, explain the specific matters you would consider when previewing the reasonableness of the assumptions in forecasting that receipt or payment.

(ii) Explain the reasons of obtaining written representations from the management when conducting an engagement to examine forecast information.

(iii) Explain the role of written representation in the examination of and reporting on forecast information

(iv) Describe the differences between the conclusion expressed in an assurance report on forecast information and the opinion expressed in an auditor's report on financial statements

(b) Determine the purpose of the audit final reviews before issuing the audit report

Candidates' performance in this question was not satisfactory. Out of 154 candidates who answered the question only 26 (17.0%) candidates scored pass marks while the remaining 128 (83.0%) candidates failed. Out of those who passed 24 (15.6%) and 02 (1.3%) candidates scored pass and credit. No candidate scored distinction mark.

Most of the candidates mixed between the reason for written presentation and the role of written presentation. Furthermore, candidates did not understand the requirement of part (a)(i) and other termed receipts as documents.

**QUESTION 5: LEGAL , REGULATORY AND ETHICAL ISSUES**

Candidates were required to use the given information to:

(a) Briefly, explain factors that affect inherent risk,

(b) Describe the matters that should form the objectives of the investigation and which matters should be included in the investigation plan,

(c) Discuss how an auditor should respond to a suspected instance of NOCLAR,

(d) Discuss situations where social and environmental issues can potentially impact the financial statements.

Candidates' performance in this question was not satisfactory. Out of 134 candidates who answered the question, only 03 (2.0%) candidates passed while the remaining 131 (98.0%) candidates failed. No candidate scored credit and distinction marks in this question.

Almost all candidates did not understand the requirement of the question and mostly for the part (b).

**QUESTION 6: ACCEPTING ENGAGEMENT AND MANAGING ASSIGNMENTS.**

Candidates were required to:

(a) Use the given information to:

(i) Provide a fully justified professional recommendation on whether company X should accept, decline or accept subject to safeguards, the appointment as auditors of J.

(ii) Clearly explain the consequences of an inappropriate acceptance decision to:

1. the audit firm
2. investors and regulators
3. public interest

(b) Use the given information to:

(i) Provide the additional factors to be considered in planning the audit of financial statements of group of companies.

(ii) Discuss the meaning of transnational audit and its importance.

(iii) Provide circumstances demonstrating the complex audit in practice

Candidates' performance in this question was not satisfactory. Out of 152 candidates who answered the question only 31 (20.4%) candidates passed while the remaining 121 (79.6%) candidates failed. Out of those who passed 30 (19.7%) and 05 (0.1%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most Candidates failed to provide justification for opinion provided.

### 6.10.4 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 170 candidates who answered the examination 68 (40.0%) candidates passed while the remaining 102 (60.0%) candidates failed. Out of those who passed 67 (39.4%) and 01 (0.6%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table 24.

**TABLE 24: C2 Candidates' Performance Analysis**

| **Classification of Marks** | **0-39** | **40-59** | **60-79** | **80-100** | **Total** |
|---|---|---|---|---|---|
| NO. OF CANDIDATES (FREQUENCY) | 102 | 67 | 01 | 00 | **170** |
| PERCENTAGE | 60.0 | 39.4 | 0.6 | 0.0 | **100** |

## 6.11 C3 INTERNATIONAL FINANCE

### 6.11.1 Principal Learning Outcome

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

### 6.11.2 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.

### 6.11.3 Topics examined and Candidates' Performance

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

**QUESTION 1: (i) GLOBAL BUSINESS ENVIRONMENT**

**(ii) FOREIGN EXCHANGE MARKET**

Candidates were required to use the given information to:

(a) Discuss key consideration in each of the modes being considered. Your discussion should point out advantage and disadvantage of each mode

(b) Use the information given to:

  (i) Determine whether a triangular arbitrage opportunity exists

  (ii) Show the steps Mr. X should follow to exploit the arbitrage opportunity using TZS. 100,000,000 clearly demonstrating the resulting arbitrage profit.

  (iii) Discuss factors that Mr. X should consider and advise him accordingly.

Candidates' performance in this question was satisfactory. Out of 192 candidates who answered the question, 99 (51.6%) candidates passed while the remaining 93 (48.4%) candidates failed. Out of those who passed 66 (34.3%) and 33 (17.2%) candidates scored pass and credit marks. No candidate scored distinction marks.

Some candidates failed discuss advantages and disadvantages of each mode in part (a) of the question.

**QUESTION 2: (i) INTERNATIONAL PARITY AND EXCHANGE RATE FORECASTING**

**(ii) INTERNATIONAL DIRVESIFICATION AND INTERNATIONAL CAPITAL ASSET PRICING MODEL**

**(iii) BOND ANALYSIS**

Candidates were required to:

(a) Use the given information to:

(i) Determine whether the Interest Rate Parity (IRP) condition currently holds

(ii) Assuming the company borrows TZS.500,000,000, perform a covered interest arbitrage analysis and determine whether an arbitrage profit exists.

(iii) Calculate the amount of arbitrage profit (if any) and explain the arbitrage strategy that should be followed.

(b) Use the given information to:

(i) Compute the expected return and risk (standard deviation) of each possible two-country portfolio

(ii) Advise the Board on the most appropriate investment portfolio based on portfolio relative risk

(iii) Discuss factors that the Board may consider to improve the portfolio's risk-return outcome.

(c) Explain bond duration and discuss its relevance to investors, particularly in relation to sensitivity to interest rate

Candidates' performance in this question was not satisfactory. Out of 177 candidates who answered the question, only 28 (15.8%) candidates passed while the remaining 149 (84.2%) candidates failed. Out of those who passed 27 (15.3%) and 01 (0.6%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this question.

Most candidates demonstrated weaknesses in the determination of coefficient of variance. Furthermore, candidates failed to discuss the factors to be considered to improve the portfolio return.

**QUESTION 3: (i) BUSINESS VALUATION**

**(ii) FORWARD RATE AGREEMENT AND OPTION**

Candidates were required to:

(a) Use the given information to:

(i) Explain "Economic Value Added" as used in business valuation and evaluation

(ii) Calculate the Net Operating Profit After Tax (NOPAT), capital charge, and Economic Value Added ($EVA^{TM}$) for each division

(iii) Evaluate the performance of the divisional managers and advise the management on which division has created greater shareholders' value

(b) Discuss factors apart from the share price, that influence option price and explain how each changes the optimal price.

(c) Use the information given to:

(i) Calculate the gain or loss under the range forward contract if the spot rate increases or decreases by 10%.

(ii) Advise whether the range forward hedge benefits the company.

Candidates' performance in this question was not satisfactory. Out of 82 candidates who answered the question only 10 (12.2%) candidates passed while the remaining 72 (87.8%) candidates failed. Out of those who passed 08 (9.8%) and 02 (2.4%) candidates scored pass and credit. No candidates scored distinction marks.

Most of the candidates failed to calculate gain/loss under the range forward contract, specifically they were unable to apply the upper limit and lower limit when calculating gain/loss.

**QUESTION 4: (i) INTERNATIONAL DEVERSIFICATION AND INTERNATIONAL CAPITAL ASSET PRICING MODEL**

**(ii) CROWD FUNDING**

Candidates were required to use the given information to:

(a)

(i) Calculate the ICAPM required return for each security

(ii) Calculate the expected return of an equally weighted international portfolio, taking exchange rate effects into account.

(iii) Calculate the portfolio beta and comment on the portfolio's systematic risk relative to the global market.

(b) Discuss crowdfunding modes that X can use and recommend that is likely to be more relevant to X.

(c) Use the given the information to:
- (i) Calculate the Macaulay duration of one bond.
- (ii) Explain the significance of the calculated duration to ECD Investments Ltd in managing interest rate risk

Candidates' performance in this question was not satisfactory. Out of 181candidates who answered the question, only 58 (32.0%) candidates scored pass marks while the remaining 123 (68.0%) candidates failed. Out of those who passed 55 (30.4%) and 03 (1.6%) candidates scored pass and credit. No candidates scored distinction marks.

Most of the candidates were unable to explain the advantages and disadvantages of each crowding modes.

**QUESTION 5: (i) MANAGING RISKS**
**(ii) FOREIGN DIRECT INVESTMENT**
**(iii) INTERNATIONAL PARITY RELATIONSHIP**

Candidates were required to:

(a) Discuss the limitations of hedging interest rate risk with interest rate futures.

(b) Evaluate the project using decentralized capital budgeting (Project View) and comment on its economic viability

(c) Use the given information to:
- (i) Estimate the expected KES/Euro mid exchange rate after given years and interpret your results based on the International Fisher Effect Theory.
- (ii) Calculate the real interest rates on the Euro and Kenyan shilling
- (iii) Forecast the KES/Euro one year forward rate according to the Interest Rate Parity. Is the KES expected to be trading at a discount or at a premium? Why?

Candidates' performance in this question was not satisfactory. Out of 178 candidates who answered the question only 33 (18.5%) candidates passed while 145 (81.5%) candidates failed. Out of those who passed 26 (14.6%) and 07 (3.9%) candidates scored pass and credit marks. No candidate scored distinction mark.

Most candidates failed to calculate Tanzania discount rate using the international fisher effect hence used wrong discount rate.

**QUESTION 6: (i) FOREIGN EXCHANGE MARKET**
**(ii) FOREIGN EXCHANGE PLANNING**

Candidates were required to use the given information to:

(a) Discuss merits and demerits of floating exchange rate system

(b) Use the given information to:

(i) Determine the ZK/KES equilibrium exchange rates implied by the Law of One Price (LOP). Are there opportunities for commodity arbitrage? Justify

(ii) Discuss factors that the arbitrageur need to consider to exploit any arbitrage opportunity present.

(c) Use the given information to:

(i) Calculate USD Call breakeven point and the net gain or loss made by Mr. X on the 5 USD Calls if the spot rate on expiry turned out to be TZS. 2,580/USD

(ii) Comment on the advantages and disadvantages of currency options as an instrument for hedging currency risk

Candidates' performance in this question was not satisfactory. Out of 149 candidates who answered the question, 37 (24.8%) candidates scored pass marks while the remaining 112 (75.2%) candidates failed. Out of those who passed 26 (17.4%) and 11 (7.4%) candidates scored pass and credit marks. There was no distinction mark in this question.

Most of the candidates failed to discuss the merits and demerits of floating exchange rate system.

### 6.11.4 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 192 candidates who answered the examination, 66 (34.4%) candidates passed while the remaining 126 (65.6%) candidates failed. Out of those who passed 65 (33.9%) and 01 (0.5%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on 25.

**TABLE 25: C3 Candidates' Performance Analysis**

| **Classification of Marks** | **0-39** | **40-59** | **60-79** | **80-100** | **Total** |
|---|---|---|---|---|---|
| No. of Candidates (Frequency) | 126 | 65 | 01 | 00 | **192** |
| Percentage | 65.6 | 33.9 | 0.5 | 0.0 | **100** |

## 6.12 C4 ADVANCED TAXATION

### 6.12.1 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.

### 6.12.2 Structure of the Question Paper

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

### 6.12.3 Topics examined and Candidates' Performance

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

**QUESTION 1: (i) TAXATION OF CHARITABLE BUSINESSES**

**(ii) VALUE ADDED TAX**

**(iii) TAXATION OF PERMANENT ESTABLISHMENT**

Candidates were required to:

(a) Use the given information to:

(i) Assess whether X stated constitution and activities satisfy conditions for being a charitable organization

(ii) Advise X on the income-tax treatment of the proposed fertilizer business, including the applicable ring-fencing rules and the conditions necessary to protect its continuing charitable status

(b) Use the given information to:

(i) Advise Mr. X on whether he would be deemed to have a Permanent Establishment in Tanzania under the Income Tax Act, Cap 332, providing clear statutory and technical reasons to support your argument.

(ii) Explain whether the absence of a permanent establishment necessarily excludes every possible Tanzanian income-tax liability.

Candidates' performance in this question was not satisfactory. Out of 104 candidates who answered the question, 47 (45.2%) candidates passed while the remaining 57 (54.8%) candidates failed. Out of those who passed 33 (31.7%) and 14 (13.5%) candidates scored pass and credit marks. No candidate scored distinction mark.

Majority of candidates made computation of VAT which was not the requirement of the question.

**QUESTION 2: ( i ) TAXATION OF DIGITAL ECONOMY**
**(ii) TRANSFER PRICING.**

Candidates were required to:

(a) Explain administrative framework for taxing Digital Marketplaces in Tanzania. Focus on how a non-resident provider's Digital Services Tax (DST) is collected and remitted, and explain the physical presence exemption rules

(b) Describe approaches used by multinational companies to achieve profit shifting

(c) Use the given information to:

(i) Explain the specific transfer pricing method that the TRA will apply as the most appropriate mechanism to determine the Arms's Length Price (ALP) for this transaction. Provide a clear justification for your choice

(ii) Compute the Arm's Length Price (ALP) per unit and determine the total transfer pricing value adjustment required for the controlled sales made to ZRD.

(iii) Evaluate how the final corporate tax assessment and tax liability of company X will be affected by this transfer pricing intervention for the given year of income

Candidates' performance in this question was not satisfactory. Out of 95 candidates who answered the question, 32 (33.7%) candidates passed while the remaining 63 (66.3%) candidates failed. Out of those who passed 22 (23.2%), 09 (9.5) and 01 (1.1%) candidates scored pass, credit and distinction marks respectively.

Most candidates were not able to link facts with the answers they produced.

**QUESTION 3: (i) REALIZATION OF ASSETS**

**(ii) TAXATION OF PARTNERSHIP**

**(iii) VALUE ADDED TAX**

Candidates were required to:

(a) Use the given information:

(i) Evaluate the direct tax consequences and compliances of the commercial building sale executed in April 2024 under the Income Tax Act, Cap. 332.

(ii) Calculate the final allocation of the tax-adjusted trading profits for each of the three partners in respect of financial years ended:

(a) On year X

(b) On year Y

(iii) Determine the final assessable business income for tax purposes for X for the given year of Income.

(b) Evaluate the VAT implications of leasing out residential apartments (Block B) as compared commercial offices (Block A). Include in your evaluation the precise statutory classification (Standard-rated, zero rated, or Exempt) for each block.

Candidates' performance in this question was not satisfactory. Out of 27 candidates who answered the question, only 04 (15.0%) candidates passed while the remaining 23 (85.0%) candidates failed. No candidate scored credit and distinction marks.

Most candidates failed to establish how partnership distribute profit.

**QUESTION 4: (i) TAX AUDIT**
**(ii) VALUE ADDED TAX**

(a) Candidates were required to use the given information to:-

(i) Explain reasons for the preliminary review of a taxpayer's file

(ii) Describe other activities that should be undertaken before the commencement of a tax audit.

(b) Use given information to: prepare a Value Added Tax (VAT) Account for the month of given year for company X.

(c) Use given information:

(i) Describe input tax credit and VAT adjustments, clearly showing how the two are related in the VAT administration.

(ii) Describe any other two VAT adjustments.

Candidates' performance in this question was satisfactory. Out of 104 candidates who answered the question,74 (71.0%) candidates passed while the remaining 30 (29.0%) candidates failed. Out of those who passed 46 (44.2%), 26 (25.0) and 02 (1.9%) candidates scored pass, credit and distinction marks respectively.

Majority of candidates confused input tax credit with input taxes as well as VAT payable.

**QUESTION 5: (i) TAXATION OF TRUST**
**(ii)TAXATION OF PARTNERSHIP.**

Candidates were required to:

(a)

(i) Explain the meaning of Trust and Unit Trust.

(ii) Compute:

(1) The trust total income and income tax payable

(2) The income taxable in the hands of each beneficiary

(3) The tax liability by each beneficiary

(b) Discuss taxation principles applicable to banking businesses in Tanzania

(c) Use the given information to:

(i) Explain and justify the legal position on liability of a partnership to income tax

(ii) Advise X on the legal position of this and state the justification of such legal position.

Candidates’ performance in this question was satisfactory. Out of 95 candidates who answered the question, 63 (66.3%) candidates passed while the remaining 32 (33.7%) candidates failed. Out of those who passed 27 (28.4%), 30 (31.6) and 06 (6.3%) candidates scored pass, credit and distinction marks respectively.

Most candidates failed to account for credit on withholding payment, on the other hand most of candidate used taxable income as the basis of distributing profit to beneficiaries instead of accounting profit

**QUESTION 6: (i) INTERNATIONAL TAXATION**
**(ii) SETTLEMENT OF TAX DISPUTES**

Candidates were required to:

(a) use the given information to:

(i) Explain the need for international tax planning by multinational enterprises

(ii) Discuss the tax planning or avoidance techniques used in each of the transactions above

(iii) Explain how the following judicial anti-avoidance doctrines may apply to the facts above.

(1) Substance over form,

(2) Business purpose rule,

(3) Sham transaction doctrine, and

(4) Step transaction doctrine.

(b) Use the given information to:

(i) Explain whether the room for appeal exists and what timelines and procedures should be followed

(ii) Write your advice on the appropriate forum for the intended appeal, clearly stating the circumstances where the company can appeal to the Court of Appeal.

Candidates' performance in this question was satisfactory. Out of 96 candidates who answered the question, 68 (70.8%) candidates passed while the remaining 28 (29.2%) candidates failed. Out of those who passed 27 (28.1%), 35 (36.4%) and 06 (6.2%) candidates scored pass, credit and distinction marks respectively.

Most of the candidates lacked good understanding of stem transaction doctrine and step transaction doctrine.

### 6.12.4 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 104 candidates who answered the examination, 60 (57.7%) candidates passed while the remaining 44 (42.3%) candidates failed. Out of those who passed 56 (53.8%) and 04 (3.8%) candidates scored pass and credit marks respectively. No candidate scored distinction marks in this examination paper.

The candidates' over-all performance in the subject is as shown on Table 26.

**TABLE 26: C4 Candidates' Performance Analysis**

| **Classification of Marks** | **0-39** | **40-59** | **60-79** | **80-100** | **Total** |
|---|---|---|---|---|---|
| No. of Candidates (Frequency) | 44 | 56 | 04 | 00 | **104** |
| Percentage | 42.3 | 53.8 | 3.8 | 0.0 | **100** |

**XXX**