

(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA

EXAMINERS' AND PERFORMANCE REPORT

11TH MID-SESSION EXAMINATION SESSION – FEBRUARY 2021

**NBAA,
4 UKAGUZI ROAD, "AUDIT HOUSE",
8TH FLOOR,
P.O. BOX 1271,
41104 TAMBUKARELI
DODOMA, TANZANIA**

**TELEPHONE: (026) 2160170 - 4/(022) 2211890 - 9
MOBILE: 0713-320423
E-MAIL: info@nbaa.go.tz
Website: www.nbaa.go.tz**

30TH MARCH 2021

TABLE OF CONTENTS

	PAGE
CHAPTER ONE Introduction	3
CHAPTER TWO Executive Summary	4
CHAPTER THREE Analysis of Examination Performance	9
• A5 Business Law	9
• B4 Public Finance and Taxation	13
• B5 Performance Management	17
• C3 Business and Corporate Finance	21
• C4 Advanced Taxation	24

CHAPTER ONE

1.1 Foreword

The Education and Training By-laws of the Board 2014 requires every person who has obtained his/her CPA equivalent professional qualification outside Tanzania to register and sit for the examination papers that contain local contents in order to get permit to practice in Tanzania. These subjects are A5 Business Law, B4 Public Finance & Taxation and C4 Advanced Taxation. Under this condition, candidates who have pursued their bachelor degree in accounting in Tanzania and therefore studied Business Laws subject are exempted to sit for A5 Business Law. When approving the conduct of mid-examinations, the Governing Board in its 2nd extra-ordinary meeting held on 29th December 2014 allowed even the Board's examination candidates who have remained with one subject to clear their respective levels to register and sit for mid-examination session.

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 11th Mid-session examinations.

Once again, I would like to reiterate that the Examiners' Report is prepared to help trainers and the Board's candidates to improve on their future performance by learning from previous experience. I, therefore, call upon readers of this Report to come up with constructive suggestions on how to improve further the examination process and reports arising therein.

Yours sincerely,

CPA. Pius A. Maneno
EXECUTIVE DIRECTOR

CHAPTER TWO

EXECUTIVE SUMMARY TO THE 11TH MID-SESSION EXAMINATION FEBRUARY 2020

2.1 Preamble:

The Board conducts its mid-session examinations twice in a year during the months of February and August. In this 11th Mid-session examination, examinations were conducted from Tuesday 23rd to Thursday 25th February 2021.

170 candidates registered and sat the 11th Mid-session examinations at for the five subjects. The candidature distribution this session is as shown below:

Table 1

Subject	No. of entries
A5 Business Law	07
B4 Public Finance and Taxation	18
B5 Performance Management	63
C3 Business and Corporate Finance	96
C4 Advanced Taxation	35

2.3 Overall Candidates Performance

Overall candidates' performance for the February 2021 examination session is as shown in Table 1 2.

**Table 2: Overall Candidates' Performance 11th Mid-session Examinations
February 2021**

SUBJECT	NO. PAPERS	PASS	%	FAILED	%
A5 Business Law	07	05	71.4	02	28.6
B4 Public Finance and Taxation	18	13	72.2	05	27.8
B5 Performance Management	63	33	52.4	30	47.6
C3 Business and Corporate Finance	96	79	82.2	20	20.8
C4 Advanced Taxation	35	21	84.0	04	16.0

2.4 Examination Results

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

In this 11th Mid-session examinations five (05) candidates qualified for the award of letters of examination success and CPA (T) Equivalent Certificate.

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

In this 11th Mid-session examinations thirty-nine (39) candidates qualified for the award of letters of examination success and CPA (T) Certificate.

2.4.3 Candidates required to repeat failed subjects

(i)	A5- Business Law	-	02 candidates
(ii)	B4 Public Finance and Taxation	-	05 candidates
(iii)	B5 Performance Management	-	30 candidates
(iv)	C3 Business and Corporate Finance	-	17 candidates
(v)	C4 Advanced Taxation	-	15 candidates

Statistics of graduates per session and cumulatively since May 1975 to February 2021

ACCOUNTING MANPOWER CREATED BY THE BOARD UP TO FEBRUARY 2021

In an effort to meet the demand of the highly needed accounting personnel in the country, the Board has been able to create cumulatively 24,856 accounting manpower since its inception in May 1975.

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

(1)	Certified Public Accountants CPA (T)	10,537
(2)	Certified Public Accountants CPA (T) Equivalent	215
(3)	National Accountancy Diploma (NAD) (Phased out in November 1991)	1,537
(4)	National Book-keeping Certificate (NABOCE) (phased out in May 1991)	5,746
(5)	Basic Book-keeping Certificate (BBC) (phased out in November 1990)	2,971
(6)	Accounting Technician Certificate (ATEC)	4035

Table 3 below shows the statistics of graduates per session and cumulatively since May 1975 to February 2021

**TABE 3: NBAA GRADUATES – CUMULATIVE
STATISTICAL ANALYSIS
MAY 1975 TO FEBRUARY 2021**

EXAMINATION SESSION	BBC		NABOCE		ATEC		NAD		CPA		CPA (T) EQUIVALENT		TOTAL	
	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	-	-	NO.	CUM.
1 ST SESSION MAY 1975	-	-	04	04	-	-	01	01	NE	NE	-	-	05	05
NOV 1975 – MAY 2013													18,438	18443
78 TH SESSION NOV. 2013	-	2971	-	5746	36	3434	-	1537	377	5,168	-	-	413	18,856
79 TH SESSION MAY 2014	-	2971	-	5746	46	3480	-	1537	478	5,646	-	-	524	19,380
80 TH SESSION NOV. 2014	-	2971	-	5746	43	3523	-	1537	369	6,015	01	01	413	19,793
81 ST SESSION MAY 2015	-	2971	-	5746	42	3565	-	1537	600	6,615	08	09	650	20,443
1 ST Mid-SESSION AUGUST 2015	-	2971	-	5746	-	3565	-	1537	03	6,618	04	13	07	20,450
82 ND SESSION MAY 2016	-	2971	-	5746	42	3607	-	1537	270	6,888	03	16	315	20,765
2 ND MID- SESSION FEBRUARY 2016	-	2971	-	5746	-	3607	-	1537	01	6,889	07	23	08	20,773
83 RD SESSION MAY 2016	-	2971	-	5746	40	3647	-	1537	282	7,171	11	34	333	21,106
3 RD MID- SESSION AUGUST 2016	-	2971	-	5746	-	3647	-	1537	06	7,177	05	39	11	21,117
84 TH SESSION NOVEMBER 2016	-	2971	-	5746	49	3,696	-	1537	420	7,597	19	58	488	21,605
4 TH MID- SESSION FEBRUARY 2017	-	2971	-	5746	-	3,696	-	1537	-	7,597	05	63	05	21,610
85 TH SESSION MAY 2017	-	2971	-	5746	65	3,761	-	1537	410	8,007	17	80	492	22,102
5 TH MID- SESSION AUGUST 2017	-	2971	-	5746	-	3,761	-	1537	02	8,009	04	84	06	22,108
86 TH SESSION NOVEMBER 2017	-	2971	-	5746	39	3,800	-	1537	450	8,459	20	104	509	22,617
6 TH MID- SESSION FEBRUARY 2018	-	2971	-	5746	-	3,800	-	1537	-	8,459	04	108	04	22,621
90 TH SESSSION MAY 2018	-	2971	-	5746	28	3,828	-	1537	63	8,522	15	123	106	22,727

EXAMINATION SESSION	BBC		NABOCE		ATEC		NAD		CPA		CPA (T) EQUIVALENT		TOTAL	
	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	NO.	CUM.	-	-	NO.	CUM.
7 TH MID-SESSION AUGUST 2018	-	2971	-	5746	-	3,828	-	1537	03	8,525	04	127	07	22,734
88 TH SESSION NOVEMBER 2018	-	2971	-	5746	63	3,891	-	1537	371	8,896	17	144	451	23,185
8 TH MID-SESSION FEBRUARY 2019	-	2971	-	5746	-	3,891	-	1537	02	8,898	01	145	03	23,188
89 TH SESSION MAY 2019	-	2971	-	5746	49	3,940	-	1537	433	9,525	20	165	502	23,690
9 TH MID-SESSION AUGUST 2019	-	2971	-	5746	-	3,940	-	1537	10	9,535	09	165	19	23,709
90 TH SESSION NOVEMBER 2019	-	2971	-	5746	53	3,993	-	1537	325	9,860	17	182	395	24,104
10 TH MID-SESSION FEBRUARY 2020	-	2971	-	5746	53	3,993	-	1537	41	9,901	03	185	44	24,148
91 ST SESSION MAY (AUGUST)2020	-	2971	-	5746	28	4,021	-	1537	354	10,255	16	201	398	24,546
92 ND SESSION NOVEMBER 2020		2971	-	5746	14	4,035	-	1537	243	10,498	09	210	266	24,812
11 TH MID-SESSION FEBRUARY 2021	-	2971	-	5746	14	4,035	-	1537	39	10,537	05	215	44	24,856

Note: (An extract from May 1975 to February 2021)

CHAPTER THREE

Analysis of Examination Performance

3.1 A5 – BUSINESS LAW

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to examine candidates' ability to apply theories, practices and laws governing business in providing accounting services and protecting business against unnecessary litigations.

II: STRUCTURE OF THE QUESTION PAPER:

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

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

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

QUESTION 1: THE LEGAL SYSTEM OF TANZANIA

Candidates were required to react on the following:

- (a) Show the difference between the Law and Morality.
- (b) Explain the meaning of “delegates and non-protest delegates” and show its exceptions
- (c) Explain why law is considered as a living document?

Major weakness of candidates was on failure to differentiate between law and morality, delegates and non-protest delegates, and also majority failed to explain why Law is a living document.

QUESTION 2: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS (LAW OF TORTS)

Candidates were required to:

- (a) Discuss the tort of negligence
- (b) Show the difference between direct and indirect torts.
- (c) Explain the requirements of the tort of negligence.

No major weakness was noted in this question

**QUESTION 3: CIVIL LAW FOR BUSINESS AND PROFESSIONAL
ACCOUNTANTS (LAW OF AGENCY)**

Candidates were required to:

- (a) Show the requirement for termination of a contract of agency.
- (b) Explain when an agent deserves to be compensated or paid salaries after termination of agency.
- (c) Discuss “agency coupled with interest”

No major weakness was noted in this question

**QUESTION 4: WRONGS ASSOCIATED WITH ACCOUNTANCY PROFESSION
(CRIMINAL OFFENCES)**

Candidates were required to:

- (a) Explain the difference between felony and misdemeanor.
- (b) Explain the difference between money laundering and tax evasion.
- (c) Explain the element of theft and its defenses.

Major weakness noted in this question was that most of candidates struggled to show the difference between felony and a misdemeanor and also the difference of theft and its defenses.

**QUESTION 5: CIVIL LAW FOR BUSINESS AND PROFESSIONAL (LAW OF
NEGOTIABLE INSTRUMENTS)**

Candidates were required to:

- (a) Detect forgery of indorsement of a bill of exchange and its effect.
- (b) Stating legal effect of an undated bill, a bill that does not specify value given, a postdated bill and a bill that does not specify a place of payment or where it was drawn.

All these candidates had no an elementary knowledge on the law of negotiable instruments

QUESTION 6: THE LAW GOVERNING BUSINESS ORGANISATIONS IN TANZANIA COMPANIES

Candidates were required to:

- (a) Recognize a promoter of a company and his/her duties in the formation of a company.
- (b) Explain the requirements for the establishment (registration) of a foreign company in Tanzania

No major weakness was noted in this question

QUESTION 7: CIVIL LAW FOR BUSINESS AND PROFESSIONAL ACCOUNTANTS

(EMPLOYMENT LAW)

Candidates were required to:

- (a) Recognize and explain the nature and status of a contract for services.
- (b) Show how the employer`s refusal to reinstate or reengage his/her employee defeats the notion of right to work as enshrined in the constitution.
- (c) Show how the legal requirement of forcing employees to exhaust all remedies the government machineries before going to tribunals conflict with natural justice.

Weakness noted in this question was that all candidates answered this question displayed lack of understanding in recognizing types of employment contracts. They also do not understand the notion of re-instatement and re engagement.

IV: GENERAL OBSERVATIONS

(a) **Assessment of the paper**

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

(b) **Overall Candidates performance**

Candidates' performance in this examination paper was satisfactory as five (05) candidates out of three (07) who answered the examination paper passed

The candidate's overall performance in the subject is as shown in Table 4

TABLE 4

A5: CANDIDATE'S PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	0-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	02	04	01	00	07
PERCENTAGE	28.6	57.1	14.3	0.0	100

3.2 B4 PUBLIC FINANCE AND TAXATION

I: PRINCIPAL LEARNING OUTCOME

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

II: STRUCTURE OF THE PAPER

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

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

The following topics were tested in this paper: -

QUESTION 1: COMPUTATION OF TAXABLE INCOME AND EMPLOYMENT INCOME

Candidates were required to:-

- (a) Calculate the gains or profit from employment.
- (b) Identify if amount commuted as employment income differs from total income.
- (c) Identify and explain any difference in treatment of items if the type of contract is one that is for unspecified terms and provide for compensation.
- (d) Identify the difference in case the tax payer in non-resident person for the year of income

Many Candidates failed to know what is included or excluded when dealing with employee especially government versus private sector employees.

QUESTION 2: VALUE ADDED TAX (VAT) & NON-COMPLIANCE WITH INCOME TAX

Candidates were required to: -

- (a)
 - (i) Distinguish between “zero-rated supplies” and “exempt supplies” by clearly showing the implications of each.
 - (ii) State the possible justification of applying single VAT rate with no exemption, contrasting it with a system of multiple rates with exemption.

- (b) Calculate for each month, the amount VAT payable/claimable and present your answer in tabular form.
- (c)
 - (i) Distinguish between a “penalty” and an “interest” in relation to non-compliance to tax laws, clearly giving examples and stating the rationale for imposing the interest.
 - (ii) Explain the rationale of using currency point system in tax penalties.

Candidates failed to focus on implication, and rationale

QUESTION 3: INDIRECT TAXES: PUBLIC FINANCE AND NATIONAL INCOME

Candidates were required to: -

- (a) Mention at least five (5) instruments attracting stamp duties in Tanzania and the amount involved.
- (b) Briefly discuss the efforts made to improve tax base in Tanzania
- (c)
 - (i) Briefly explain what “tax incentive” is.
 - (ii) Discuss how tax incentive may be useful or not useful for economy.
- (d) Briefly explain how origin laundering may occur and how East Africa Community (EAC) mitigated such risks.

Candidates’ struggled with instruments attracting stamp duties.

QUESTION 4: COMPUTATION OF TAXABLE INCOME

Candidates were required to calculate:

- (a) Depreciation allowances for the given year of income
- (b) Gains or profits from business for the give year of income

Majority of candidates failed on classification of depreciable assets.

QUESTION 5: BUSINESS INCOME
THEORETICAL CONCEPTS OF TAXATION
PAYMENT PROCEDURES OF TAX

Candidates were required to:-

- (a) State the tax base for presumptive tax scheme in Tanzania, clearly indicating eligibility conditions for a person to be taxed under the scheme.
- (b)
 - (i) Advise her on the decision on whether to choose being assessed on presumptive basis or the conventional manner. Show computations to support your answer and state any assumptions taken in such computations.
 - (ii) State the justification(s) of presumptive tax system in terms of cannons/principles of a good tax system.
 - (iii) State the possible justification(s) of the statement that presumptive tax system is against tax principles and it favours the conventional income tax assessment.
 - (iv) State, with reason(s), whether the given tax payer was required to use Electronic Fiscal Device(s) in transacting for her business.

Most of candidates referred to old thresholds for presumptive tax, they also used monthly table on annual income.

QUESTION 6: TAX LAW AND PRACTICE: TAX PLANNING, AVOIDANCE AND EVASSION, PUBLIC FINANCE AND NATIONAL INCOME

Candidates were required to: -

- (a) Distinguish between “tax planning” and “tax avoidance”, clearly giving examples.
- (b) Express your views on the position given by your colleague, giving examples to support your arguments.
- (c) Pinpoint four (4) internal sources of financing deficit budget.
- (d) Briefly and with the aid of diagram show how the two interacts in such economy.

Most of candidates failed to clearly explain relevance of tax planning to small business.

IV: GENERAL OBSERVATIONS

(a) **Assessment of the Paper**

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

(b) **Candidates' overall performance**

Candidates' performance in this examination paper was satisfactory. Out of 18 candidates who answered the paper 13 (72.2%) passed this examination paper.

The candidates' over-all performance in the subject is as shown on table 5:

TABLE 5: B4 CANDIDATES' PERFORMANCE ANALYSIS

CLASSIFICATION OF MARKS	0-39	40-59	60-79	80-100	TOTAL
NO. OF CANDIDATES (FREQUENCY)	05	13	00	00	18
PERCENTAGE	27.8	72.2	0.0	0.0	100

3.3 B5 PERFORMANCE MANAGEMENT

I: PRINCIPAL LEARNING OUTCOME

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

II: STRUCTURE OF THE QUESTION PAPER

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

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

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

QUESTION 1: STANDARD COSTING AND VARIANCE ANALYSIS, COST ACCOUNTING TECHNIQUES

Candidates were required to:

- (a) Calculate and show, by element of cost, the standard cost for the output for the period.
- (b) Calculate relevant variances in a way which reconciles the standard cost with the actual cost.
- (c) Comment briefly on the usefulness to the management of statements such as that given in (a) and (b) above.

Candidates demonstrated lack of understanding of High Low method, also failed to distinguish life cycle costing from traditional costing management accounting.

QUESTION 2: TARGET COSTING, LIFE CYCLE COSTING, INCOME EFFECTS OF ALTERNATIVE COST ACCUMULATION AND TRANSFER PRICING

Candidates were required to: -

- (a) Determine the budgeted expenditure on wages and other overheads for three years by using high low method.
- (b) Explain the "life cycle costs and the life cycle costing" and state what distinguishes it from more traditional management accounting.
- (c) Explain any five potential benefits of operating a transfer pricing system within a defictionalized company.

Candidates failed to distinguish life cycle costing from traditional costing management accounting.

QUESTION 3: DECISION MAKING TECHNIQUES

ACTIVITY BASED COSTING

Candidates were required to: -

- (a) Advise the investment manager on which project should be undertaken and state the main weakness of the approach you have used to make the investment decision.
- (b) Discuss the claim that activity Based Costing simply proved a different picture of product costs to traditional absorption costing rather than a more accurate picture.
- (c) Prepare the summary of the following budget for June 2020: -
 - (i) Component purchases and usage (unit and value)
 - (ii) Direct labour (hours and value)
 - (iii) Departmental manufacturing overhead recovery rates.
 - (iv) Selling overhead recovery rates
 - (v) Stock value at the month.

The major weakness observed is failure of candidates to make the required computations.

QUESTION 4: RELEVANT INFORMATION FOR DECISION MAKING, TRANSFER PRICING

Candidates were required to: -

- (a) Prepare a statement of relevant costs and revenues and determine whether or not the proposal should be accepted.
- (b) Determine transfer pricing that would motivate the managers of S and T together to produce 1,000 units, no more and no less.

Candidates failed to compute the transfer pricing that could motivate the managers, also they failed to separate the relevant and irrelevant information.

QUESTION 5: BUDGET PLANNING AND CONTROL.

Candidates were required to: -

- (a) Calculate the total profit on each company by using the existing method based upon labour hours and Activity Based costing.
- (b) Distinguish between cost control and cost reduction and provide one example on each of the techniques and principles used for each.

Most candidates did not know the cost control and cost reduction techniques.

QUESTION 6: TYPES OF BUDGET TARGET COSTING AND THROUGHPUT ACCOUNTING

Candidates were required to: -

- (a) Draft a brief note to the Board in which you described the mechanics, principle advantages and problems with the participative approach to budgeting.
- (b) Describe the most important support systems whose information aid in the operation of target cost.
- (c)
 - (i) Calculate the profit per day if daily output achieved is 6,000 units of X, 4,500 units of Y and 1,200 units of Z.
 - (ii) Calculate TA ratio for each product.
 - (iii) In the absence of demand restrictions for the three products, advise Kombo's management on the optimal production plan.

Most of candidates could not know the importance of support systems whose information aid in operating target costing, they also failed to compute throughput ratio.

IV: GENERAL OBSERVATIONS

(a) Assessment of the Examination

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

(b) Candidates' overall performance of the paper

Candidates' performance in this examination paper was satisfactory as 33(52.4%) out of 63 candidates who sat for this examination paper passed.

The candidates' over-all performance in the subject is as shown on Table 6.

TABLE 6
B5. CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	30	33	00	00	63
Percentage	47.6	52.4	0.0	0.0	100

3.4 C3 BUSINESS AND CORPORATE FINANCE

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to test candidates' ability to apply business and financial theories, concepts and analytical frameworks, in assessing global business environment, international investments. Also ability to apply business valuation tools, financial options and managing risk exposures and multinational firms.

II: STRUCTURE OF THE QUESTION PAPER

This examination paper comprised two sections with six questions. Candidates were required to answer four questions. Question one carried 40% which was compulsory

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

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

QUESTION 1: MANAGING RISKS AND GLOBAL BUSINESS ENVIRONMENT

Candidates were required to: -

- (a) Advise on the best technique to hedge against transaction exposure.
- (b) Discuss the reasons for managers to study International Finance.
- (c) Discuss the criteria for assessing acquisition.

Candidates failed to give the real examples.

QUESTION 2: BUSINESS VALUATION CONCEPTS AND APPLICATIONS

Candidates were required to: -

- (a) Value business by using two different approaches (The Net asset methods and Dividend yield method).
- (b) Discuss the concepts of Valuation and the reasons for overseas investment.

Most of candidates answered this question failed to use dividend yield method to value business.

QUESTION 3: INTERNATIONAL INVESTMENT ANALYSIS AND FINANCIAL ENGINEERING AND PLANNING

Candidates were required to: -

- (a) Evaluate a potential International Investment opportunity.
- (b) Explain and identify features of interest rate futures and interest rate options

The major weakness noted were failure to prepare a capital budgeting analysis also were not able to give description of interest rate futures and options.

QUESTION 4: GLOBAL BUSINESS ENVIRONMENT AND INTERNATIONAL DIVERSIFICATION AND THE INTERNATIONAL CAPITAL ASSET PRICING MODEL

Candidates were required to: -

- (a) Discuss the entry strategies for overseas investment.
- (b) Using portfolio theory to advise asset selection across countries.

Most of candidates who failed this question demonstrated lack of understanding of Portfolio theory and its application in asset selection

QUESTION 5: BUSINESS VALUATION CONCEPTS AND APPLICATION, FOREIGN EXCHANGE AND MARKET

Candidates were required to use the given information to: -

- (a) Discuss factors affecting Price Earning as the value technique.
- (b) Examine party conditions in foreign exchange markets and suggest arbitrage.

Most candidates failed to understand factors affecting Pricing Earning value technique. They were also not able to differentiate how to assess different arbitrage opportunities.

QUESTION 6: Mergers and Acquisition, International Business Environment and Foreign Direct Investment

Candidates were required to: -

- (a) Value acquisition by establishing the cost.
- (b) Discuss the implication and applicability of single currency.

Determine the amount of triangular arbitrage profit (if any) that the given person can make if she has TZS.200,000,000 to transact. Show all necessary computations.

Some candidates who attempted this question failed to understand the acquisition therefore failed to do the analysis.

IV: GENERAL OBSERVATIONS

(a) Assessment of the Examination

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

(b) Candidates' overall performance of the paper

Candidates' performance in this examination paper was satisfactory as 74 (77%) out of 96 candidates who sat for this examination paper passed.

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

TABLE 7
C3 CANDIDATES' PERFORMANCE ANALYSIS

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	22	64	10	00	96
Percentage	22.9	66.7	10.4	0	100

3.5 C4 ADVANCE TAXATION

I: PRINCIPAL LEARNING OUTCOME

Principal learning outcome of this paper is to test candidates' ability to apply knowledge of Public Finance, Tax Laws and Financial Reporting Standards and Corporate Law in preparing, analyzing and evaluating corporate reports by entities, both in the private and public sectors.

II: STRUCTURE OF THE QUESTION PAPER

This examination paper comprised two sections with six questions. Candidates were required to answer four questions. Question one carried 40% which was compulsory.

III: TOPICS EXAMINED AND CANDIDATES' PERFORMANCE

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

QUESTION 1: INTERNATIONAL TAXATION CORPORATE BUSINESS INCOME

Candidates were required to: -

- (a) Discuss what is meant by the term "transfer pricing" and explain why it is considered a major issue.
- (b) Identify five challenges likely to be faced by TRA as far as submission of transfer pricing documentation is concerned.
- (c) Prepare the statement of income for the given year to be submitted to the Commissioner General as per tax laws.

Some candidates failed to interpret the given data for part c of the question and assemble a proper statement of income for tax purposes.

QUESTION 2: VALUE ADDED TAX, INTERNATIONAL TAX

Candidates were required to:-

- (a) Calculate the VAT position of the two companies for the given period.
- (b)
 - (i) Explain the type of permanent establishments
 - (ii) Provide description indicating also the elements to be satisfied for an establishment to constitute a permanent establishment.

The major weakness observed was that most of candidates did not give the elements to be satisfied for an establishment to constitute a permanent establishment.

**QUESTION 3: TAX ADMINISTRATION,
INCOME TAX RULES FOR PARTICULAR TYPES OF PERSON
INTERNSTIONAL TAX (TAX RELIEFS)**

Candidates were required to: -

- (a) Outline important documents to be submitted to obtain VAT refund.
- (b) Compute the tax liability of the given company after foreign tax reliefs for the given year end
- (c) What are the shortcomings in handling tax disputes in Tanzania?

Some candidates had difficulties in dealing with foreign tax credit.

QUESTION 4: TAXATION OF SPECIALIZED INDUSTRIES

Candidates were required to:-

- (a) Calculate the tax liability of the company for given year
- (b) Calculate the tax liability of the company for the give year if the tax rate was 30%.
- (c) Briefly the concept of life insurance.

Common weakness observed candidates failed to calculate tax liability for general life insurance business.

QUESTION 5: INTERNATIONAL TAXATION (TAX HEAVENS AND TRANSFER PRICING)

Candidates were required to use the given information to:-

- (a) list eight items you would include in the checklist when conducting tax auditing.
- (b) give reasons as to why the transactional net margin method is not considered appropriate by some effected transfer pricing.

Most of candidate wrote general financial statements audit procedures checklist.

**QUESTION 6: INTERNATIONAL TAX
INCOME TAX RULES APPLICABLE TO PARTICULAR TYPES OF
PERSONS.**

Candidates were required to: -

- (a) (i) Define the arm`s principle in the context of transfer pricing.
- (ii) Explain transfer pricing adjustment method in proper sequence that the tax officials may adopt during transfer pricing audit.
- (b) Calculate the taxable income of give company in the given period

The major weakness observed was that candidates failed to give adjustments method in a proper sequence

IV: GENERAL OBSERVATIONS

(a) **Assessment of the Examination**

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

(b) **Candidates' overall performance of the paper**

Candidates' performance in this examination paper was satisfactory as 20 (57.2%) out of 35 candidates who sat for this examination paper passed.

The candidates' over-all performance in the subject is as shown on Table 6.

**TABLE 6
C4 CANDIDATES' PERFORMANCE ANALYSIS**

Classification of Marks	0-39	40-59	60-79	80-100	Total
No. of Candidates (Frequency)	15	16	04	00	35
Percentage	42.8	45.8	11.4	0.0	100