



THE UNITED REPUBLIC OF TANZANIA



NATIONAL AUDIT OFFICE

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2023**

Controller and Auditor General,
National Audit Office,
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March 2024

AR/CG/PBPA/2022/23



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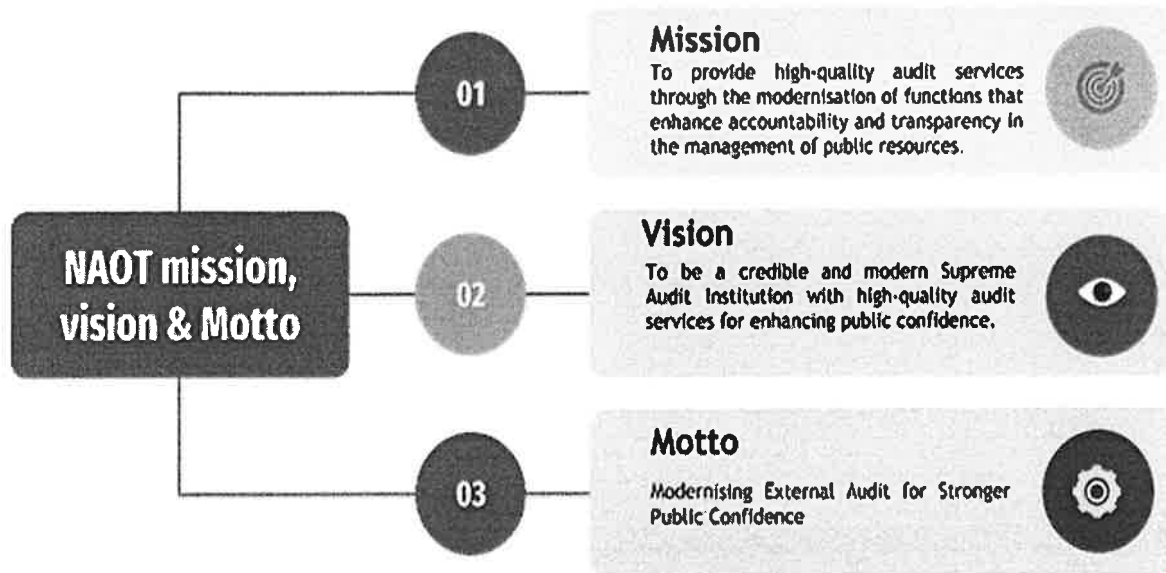
March 2024

AR/CG/PBPA/2022/23

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, [Cap 418 R.E 2021].



Independence and objectivity

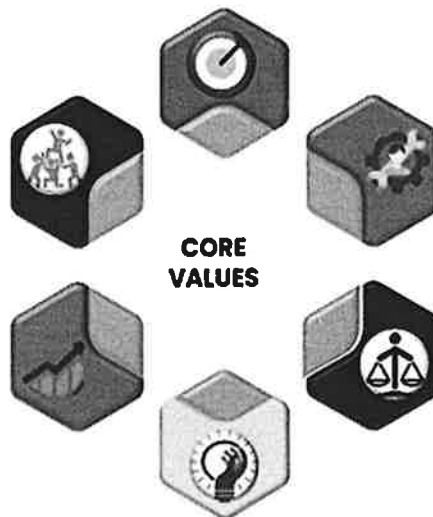
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

© This audit report is intended to be used by Petroleum Bulk Procurement Agency and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

TABLE OF CONTENTS

Abbreviations	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL	1
1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS.....	1
1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS	4
2.0 FINANCIAL STATEMENTS	5



Abbreviations

AR	Audit report
CAP	Chapter
CG	Central Government
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
NBAA	National Board of Accountants and Auditors
PBPA	Petroleum Bulk Procurement Agency

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Executive Director,
Petroleum Bulk Procurement Agency (PBPA),
P. O. Box 2634,
DAR ES SALAAM.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Petroleum Bulk Procurement Agency (PBPA) which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Petroleum Bulk Procurement Agency as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Petroleum Bulk Procurement Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Statement of the permanent secretary, statement of management responsibility and

Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be

communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 [R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods, and services

I performed a compliance audit on the procurement of works, goods, and services in the Petroleum Bulk Procurement Agency for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that the procurement of works, goods and services of the Petroleum Bulk Procurement Agency is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Petroleum Bulk Procurement Agency for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of the Petroleum Bulk Procurement Agency is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.


Charles E. Kichere,
Controller and Auditor General,
Dodoma, United Republic of Tanzania



March 2024

2.0 FINANCIAL STATEMENTS

REPORT OF THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

The management presents their report together with the financial statements for the financial year ended 30 June, 2023.

2.2 ESTABLISHMENT OF THE AGENCY

Petroleum Bulk Procurement Agency PBPA is an Executive Agency established by Establishment Order GN NO 423 of 2015 under the Executive Agencies Act Cap.245 vested with mandates of coordinating and managing efficient procurement of petroleum products through a bulk procurement system. This mandate emanates from the Petroleum Act NO. 21 of 2015 and is operationalized by the Petroleum Bulk Procurement Regulations, GN 198 of 2017. PBPA was established to take over the functions of the Petroleum Importation Coordinator Limited PICL.

The Agency was established in order to achieve the following general activities:

- a) Administer and manage petroleum products demand and requirements.
- b) Ensure effective and efficient coordination of procurement and delivery of bulk petroleum products.

2.3 PRINCIPAL ACTIVITIES OF THE AGENCY

The principal activities of the Agency as stipulated in the Establishment Order are:

- (i) To forecast demand and supply of petroleum products,
- (ii) To collect for and on behalf of Oil Marketing Companies OMCs the procurement requirements of petroleum and petroleum products including but not limited to Automotive Motor Super Premium, Gasoil, Illuminating Kerosene, Jet A1, Heavy Furnace Oil HFO, Liquefied Petroleum Gas LPG and any other product as the minister responsible for petroleum affairs may determine,
- (iii) To conduct international competitive bidding for petroleum and petroleum products,
- (iv) To conclude and administer contracts with OMCs and between the suppliers selected to import petroleum products in bulky quantity,
- (v) To Coordinate diligent receipt by Oil Marketing Companies of Petroleum products from the delivery vessels, and
- (vi) To relay information, in timely manner, related to the Petroleum business to the Energy and Water Utilities Regulatory Authority EWURA, Oil Marketing Companies' Ministry responsible for Petroleum affairs, Tanzania Revenue Authority TRA, Tanzania Ports Authority TPA, Tanzania Bureau of Standards TBS, Weights and Measures Agency WMA and other relevant parties when requested;

In addition to these functions, the Agency performs other functions as stipulated in the Petroleum Bulk Procurement Regulations, 2015 Amended 2017.

2.4 VISION, MISSION AND CORE VALUES

a. Vision

To be an effective and model institution in the procurement and delivery of quality and reliable petroleum products at national and regional levels.

b. Mission

To provide quality and cost-effective petroleum products through coordination and management of bulk procurement system to ensure reliability and security of supply and contribute to the sustainable socio-economic and national development.

c. Core Values

Petroleum Bulk Procurement Agency shall achieve its Vision and Mission through a developed culture that has the following core values: -

- (i) **Transparency:** We will conduct Agency's functions without prejudice, with respect for the interest of all stakeholders in a fair and openness manner,
- (ii) **Integrity:** Being consistently honest, responsible, accountable, respectful and take positively customers' opinions and requisites,
- (iii) **Customer Focused:** We will be responsible for both internal and external customers' satisfaction and deliver ever-increasing value in the market we serve,
- (iv) **Teamwork:** We work collaboratively, develop and maintain productive working relationship based on mutual respect,
- (v) **Efficiency:** We are committed to providing better and value-added services to our stakeholders,
- (vi) **Compliance:** We are committed to promote an organizational culture that encourages adherence to the set **legislations**, standards and procedures in the service delivery.

2.5 FINANCING OF THE AGENCY

Reg. 7 of the Petroleum Bulk Procurement Regulations, 2017 provides for funding sources of Agency to be:

- (i) Contributions collected from Oil Marketing Companies on each litre of petroleum product imported under BPS,
- (ii) Sale of pre-qualification and tender documents,
- (iii) Income from Agency operations,
- (iv) Grants and loans, and
- (v) Government subventions.

2.6 MANAGEMENT OF THE AGENCY

The overall Management of the Agency is conferred to the Agencies Management which is required to ensure adherence to the governing laws and procedures. The Executive Director, who is also the Chief Executive Officer of the Agency, is responsible for the proper administration and management of the functions and affairs of the Agency. The Agency's Management team, which is under the supervision of the Executive Director, demonstrated the capability to handle all operational and administrative matters efficiently.

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Management, under the Executive Director, is organized into two 2 Directorates and four 4 Units as follows: -

Directorates:

- (a) Directorate of Operations
- (b) Directorate of Business Support

Units:

- (a) Legal Services Unit (LSU)
- (b) ICT and Statistics Unit (ICTSU)
- (c) Internal Audit Unit (IAU) and
- (d) Procurement Management Unit (PMU)

The Agency is in the final process of implementing a new organisational structure to ensure that all vacancy positions are filled. Currently, the Management team of the Agency include the Executive Director, Supply and Logistic Manager, Human Resource and Administration Manager, Finance and Planning Manager, Petroleum Importation Planning Manager, Head of Internal Audit and Legal Manager.

2.7 MINISTERIAL ADVISORY BOARD MAB

The Board has been effective in its role of providing direction and oversight to Management and employees and advising the Minister of Energy. They exercised oversight of the implementation of strategy and operational plans by Management against agreed performance measures and targets. Generally, Board members were effective and responsible leaders.

The Directors of the Agency at the date of this report who served the Agency as Ministerial Advisory Board (MAB) for the whole period except where otherwise stated are as follows:

Name	Date of birth	Education	Nationality	Position	From	To
Dr. Lutengano Mwakahesya	07.06.1953	PhD (Petroleum Geology)	Tanzanian	Chairman	01.6.2023	To date
Dr. Henry Chalu	26.03.1970	PhD (Business Administration)	Tanzanian	Member	10.6.2019	10.5.2022
Mr. Senzo Fredrick Gwanchele	27.12.1965	MA in Economics policy Management	Tanzanian	Member	10.6.2019	10.5.2022
Eng. Anastas P Mbawala	06.07.1954	Bsc.Eng, Electrical, M.Eng. Sc (Dev.tech), MBA	Tanzanian	Member	10.8.2019	10.7.2022
Eng Godwin Samwel	20.01.1958	Bsc, Mech Eng, Msc (Petroleum Eng), Dip. Imperial College	Tanzanian	Member	01.6.2023	To date
CPA Yona Kilagane	22.01.1954	MSc (Finance), FCCA, FCPA	Tanzanian	Member	01.6.2023	To date
Eng. Petro Marwa	18.07.1967	MSc Science Oil and Gas	Tanzanian	Member	01.6.2023	To date

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Erasto Simon	07.06.1974	MSc Petroleum Geoscience	Tanzanian	Secretary	1.2.2018	To date
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2.8 AUDIT COMMITTEE

In line with the principles of good governance, the Accounting Officer of PBPA established the Audit Committee as an independent and advisory organ of the Agency on 23rd November 2020. The Audit Committee has the objective of promoting and raising the standards of corporate accountability and governance within the Agency. The Committee is also responsible for the oversight of the risk management system and it monitors implementation of actions raised by internal and external auditors and other regulators.

All members of the Audit Committee are Tanzanians. The member's tenure of office is three years as stipulated in the Audit Committee charter, and the Committee reports to the Accounting Officer. The Committee is required to meet on a quarterly basis during the year.

PBPA Audit Committee members are as follows:

No.	Name	Qualifications	Profession	Position	Appointing Date
1	Peter Mwambuja	Bcom, MBA & FCPAPP	Accountant	Chairman	Appointed 23 rd November, 2020
2	Leonard Chacha Kitoka	Bcom, MBA& FCPAPP	Accountant	Member	Appointed 23 rd November, 2020
3	Joyce Mwita Gachuma	LLB, MBA	Lawyer	Member	Appointed 23 rd November, 2020
4	Gilbert O. Jungulu	Advanced Diploma in Procurement	Procurement	Member	Appointed 23 rd November, 2020
5	Juma H. Juma	BAF and Msc. A&F, CPA(T)	Accountant	Secretary	Appointed 23 rd November, 2020

2.9 TENDER BOARD AND PROCUREMENT MANAGEMENT PMU

Section 37 of the PPA, 2011 requires the Accounting Officer to form a Tender Board and PMU respectively. The Petroleum Bulk Procurement Agency established both the Tender Board and the Procurement Management Unit in July, 2020. The current Tender Board Members with respective appointment dates are as follows: -

No.	Name	Position	Appointed Date
1.	Joyce Gachuma	Chairperson	17 November 2020
2.	Elias Nyale	Secretary	17 November 2020
3.	Angelique Kachuchuru	Member	17 November 2020
4.	Gilbert Jungulu	Member	17 November 2020
5.	Pantaleo Bayo	Member	17 November 2020
6.	Sophia Kidimwa	Member	17 November 2020

Pursuant to Section 33 (1) of Public Procurement Act, Cap 410[R.E 2022] and its Regulations 2013 as amended 2016, the following are the responsibilities of Tender Board;

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- (i) Deliberate on the recommendations from the Procurement Management Unit and approve award of contracts,
- (ii) Review all applications for variations, addenda or amendments to ongoing contracts,
- (iii) Approve tendering and contract documents,
- (iv) Approve procurement and disposal by tender procedures; and
- (v) Ensure that best practices in relation to procurement and disposal by tender are strictly adhered to by procuring entities.

2.10 RISK MANAGEMENT AND INTERNAL CONTROL

The Management is responsible for the adequacy and effectiveness of the Agency risk management and internal control system. This system is designed to ensure the Agencies' key areas of risks are managed within an acceptable risk profile in order to increase the likelihood that the PBPA's policies and business objectives are achieved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Management gives the assurance that the Agency's risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Agency.

The Management accepts final responsibility for the risk management and internal control system of the Agency. The Management assessed the internal control system throughout the financial period ended 30 June, 2023 and is of the opinion that the Agency had adequate internal financial and operational control system regarding;

- The safeguarding of the Agency's assets;
- Compliance with applicable laws and regulations;
- The effectiveness and efficiency of operations;
- The reliability of accounting records;
- Bulk Procurement System sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

For governance purpose, the Management have formed a Procurement, Risk Management and Good Governance, and the Audit Committee to oversee and advise the Management on the Agency's activities and internal controls.

2.11 RESULTS FOR FINANCIAL YEAR 2022/23

For 2022/23 financial year the Agency planned to import 8,859,200,000 litres of petroleum products on behalf of Oil Marketing Companies. The Agency imported 7,083,743,766 litres which is 80% of the planned importation. During the year 2021/2022, 7,536,718,422 litres were imported. The decrease has been attributed

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

global challenge of shortage of USD and geo-political impact of Russian-Ukraine War which led into decrease of imported petroleum products.

2.12 PERFORMANCE FOR FINANCIAL YEAR 2022/23

(i) Budget Performance

In the financial year 2022/23, the Agency estimated earn revenue from New OMCs Joining Fees, Contributions from OMCs, Sale of Tender Documents, Sale of Pre-Qualifications Documents and Late LC Opening Penalty to the tune of TZS 13,569,600,000. But the actual revenue earned was TZS 14,057,321,691 reflecting excess of TZS 487,721,691 equivalent to 3.6%. During the year, the Agency also earned TZS 275,835,322 resulting from foreign currency exchange gain. The Agency also planned to finance its capital expenditures using reserved cash and budgeted TZS 1,818,545,910 to be spent if the current years' revenue could have not sufficed.

Approved budget for the Agency's operational expenses for financial year 2022/23 was TZS 12,239,235,500. Actual amount spent for financial year 2022/23 was TZS 10,631,307,351 equivalent to 85%.

(ii) Financial Performance

Revenue earned has decreased by TZS 2,832,030,355 from TZS 16,889,352,046 in 2021/22 to TZS 14,057,321,691 (but the earned revenue is 104% of the budgeted amount) in the year ended 30 June, 2023. The decrease has been attributed by the global challenge of shortage of USD and geo-political impact of Russia-Ukraine war.

Expenses has increased by TZS 1,506,740,506 from TZS 9,124,566,845 in 2022 to TZS 10,631,307,351 (but the incurred expenditure is 87% of the budgeted amount) in the year ended 30 June, 2023.

Surplus for the year decreased by TZS 4,338,770,860 from TZS 7,764,785,201 to TZS 3,426,014,341.

(iii) Financial Position

The total assets of the Agency as at 30 June, 2023 stood at TZS 39,648,925,683 compared to TZS 35,063,577,343 as at 30 June, 2022 which is an increase by 13%.

Accounts payable and Accruals as at 30 June, 2023 stood at TZS 58,147,955 compared to TZS 101,217,494 as at 30 June, 2022, a decrease by 43%.

Deposits by Suppliers, Cash Guarantee, OMCs and Other Deposits stood at TZS 5,612,261,655 as at 30 June, 2023 compared to TZS 4,491,577,410 as at 30 June, 2022, an increase by 24%.

2.13 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 4 of the Financial Statements.

2.14 EMPLOYEES WELFARE

(i) Management and Employees' Relationship

There were continued good relations between employees and Management for the period ended 30 June, 2023. There were no unresolved complaints received by Management from the employees during the period. The Agency is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not completely impair ability to discharge duties.

(ii) Medical Assistance

The Agency offers free medical insurance to all employees, their spouses and their children not exceeding eighteen years of age except for disabled and those in primary and secondary schools.

(iii) Financial Assistance to Staff

This is available to all employees depending on the assessment by Management as prescribed by the Agency's staff regulations and the ability to grant such assistance.

(iv) HIV/AIDS Policy

The Agency focuses on creating awareness on HIV/AIDS among staff members by providing them with updating information on HIV/AIDS with emphasis on the preventive strategies and education against the pandemic. During the year the Agency enhanced awareness through staff meetings and in stakeholder's meetings

(v) Employees Benefit Plan

The Agency pays employers' contribution to the publicly administered Pension Funds on mandatory basis which qualifies to be a defined contribution plan. The Agency contributes 15% of employee remunerations to the Public Sector Social Security Fund PSSSF.

(vi) Safety

The Agency is practicing safety regulations in all areas of work. All staffs have been insured against personal injury and death by group life insurance scheme.

(vii) Number of Employees

The Agency had a total of 60 employees in financial year 2022/23 compared to 59 employees in financial year 2021/22.

(viii) Gender Parity

The Agency had a total of 60 employees as at 30 June, 2023 out of which 24 equivalents to 40% were female and 36 equivalent to 60% were male.

2.15 POLITICAL AND CHARITABLE DONATIONS

The Agency did not make any political or charitable donations during the year.

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2.16 RELATIONSHIP WITH STAKEHOLDERS

The Agency has internal and external stakeholders and it has established a harmonious relationship with its stakeholders. During the year under review, stakeholders from the industry extended required cooperation and support to the Agency's activities. The Agency also received continuous cooperation and support from the Ministry of Energy, other Government Institutions Oil Marketing Companies, Suppliers and the general public.

In addition, the Agency has established and maintained a good working relationship with private and government entities within the country like e-GA, EWURA, OMCs, PPRA, TBS, TPA and TRA.

2.17 Pending Cases or Litigations

In February 2021, the Supplier ALCHEMIST ENERGY TRADING DMCC won a tender to supply petroleum product under BPS for both local and transit. The supplier failed to supply and refused to cancel LCs and return back the money which was advanced by. The matter is at arbitration stage at International Chamber of Commerce ICC to date. PBPA does not have any pecuniary loss or gain in this case. The case is funded by encashed ALCHEMIST ENERGY TRADING DMCC bank guarantee which is part of deposit payable and contributions from beneficiaries Oil Marketing Companies. At the end of the year some OMCs were yet to contribute TZS 814,881,012.

2.18 PRIOR YEAR FINANCIAL STATEMENTS ADJUSTMENTS

SN	Description	Original Amount 30 June 2022	Restated Amount 30 June 2022	Difference	Reason For Restatement
		TZS	TZS	TZS	
1	Accumulated Depreciation	1,084,666,271	1,002,946,978	(81,719,293)	Adjustment of accumulated depreciation resulting from review of assets whose estimated useful lives were reviewed as per note 3.3.3
2	Accumulated Surplus	30,470,782,440	30,552,501,733	81,719,293	

2.19 AUDITORS

The Controller and Auditor General CAG is the statutory auditor of PBPA by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977, amplified in section 5 of the Public Audit Act No 8 of 2008.



Erasto M. Simon

Executive Director

Date: 8 March, 2024

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management of the Agency which is charged with Agency's governance is responsible for the preparation of the annual financial statements that give a true and fair view of Petroleum Bulk Procurement Agency, comprising the Statement of Financial Position as at 30 June 2023, and the Statements of Financial Performance, Changes in Equity and Cash Flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards IPSAS on Accrual Basis and in the manner required by the Petroleum Act 2015, Executive Agency Act, The Agency Establishment Order 2015 and the BPS Regulations 2017.

The Management is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Management accepts responsibility for these Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, inconformity with IPSASs. The Management is of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Agency and of its operating results. The Management further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial controls.

The Management has made assessment of the ability of the Agency to continue as a going concern and have no reason to believe the Agency will not be a going concern in the year ahead.

Approval of annual financial statements

The annual financial statements of Petroleum Bulk Procurement Agency, as identified in the first paragraph, were approved by Executive Director on 30 August, 2023.



Erasto M. Simon

Executive Director

Date: 8 March, 2024

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors NBAA according to the power conferred under the Auditors and Accountants Registration Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the management to discharge the responsibility of preparing financial statements of an entity showing true and fair view position of the entity in accordance with International Public Sector Accounting Standards (IPSAS) and statutory reporting requirements. Full legal responsibility for financial statements rests with the Management as under Statement of Management Responsibility on an earlier page.

I CPA Kedron Issah Mbwilo being the Head of Finance Department of Petroleum Bulk Procurement Agency hereby acknowledge my responsibility of ensuring that financial statements for the period ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Signed:

Name: CPA Kedron Issah Mbwilo

Position: Head of Finance Department

NBAA Membership No.: ACPA 1493

Date: 8 March, 2024

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023			
		2023	2022
			Restated
	Note	TZS	TZS
ASSETS			
Current Asset			
Cash and Cash Equivalents	62	16,492,862,293	14,713,767,940
Receivables	67	20,900,961,857	19,231,947,243
Prepayments	69	64,413,150	8,070,706
Total Current Asset		37,458,237,300	33,953,785,889
Non-Current Asset			
Property, Plant and Equipment	77	1,733,763,465	1,135,050,178
Intangible Assets	78	456,924,918	56,460,568
Total Non-Current Asset		2,190,688,383	1,191,510,746
TOTAL ASSETS		39,648,925,683	35,145,296,635
LIABILITIES			
Current Liabilities			
Payables and Accruals	89	58,147,955	101,217,494
Deposits	94	5,612,261,655	4,491,577,410
Total Current Liabilities		5,670,409,610	4,592,794,904
TOTAL LIABILITIES		5,670,409,610	4,592,794,904
NET ASSETS		33,978,516,073	30,552,501,731
NET ASSETS			
Capital Contributed by:			
Taxpayers' Fund		925,696,510	925,696,510
Accumulated Surpluses		33,052,819,564	29,626,805,223
NET ASSETS		33,978,516,074	30,552,501,733



 Erasto M. Simon

Executive Director

Date: 8 March, 2024

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023			
		2023	2022
	Note	TZS	TZS
REVENUE			
Revenue			
Fees, Fines, Penalties and Forfeits	19	8,690,247,590	11,355,871,571
Gain on Foreign Currency Translation	27	275,835,322	14,401,642
Other Revenue	31	5,091,238,779	5,519,078,833
TOTAL REVENUE		14,057,321,691	16,889,352,046
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	34	3,602,992,230	3,499,770,648
Use of Goods and Service	35	5,573,717,035	4,712,552,015
Maintenance Expenses	36	357,065,368	72,440,948
Depreciation of Property, Plant and Equipment	9	470,567,592	342,295,601
Other Expenses	52	454,965,126	325,509,655
Total Expenses		10,459,307,351	8,952,566,845
Transfer			
Other Transfers	60	172,000,000	172,000,000
Total Transfer		172,000,000	172,000,000
TOTAL EXPENSES AND TRANSFERS		10,631,307,351	9,124,566,845
Surplus		3,426,014,341	7,764,785,201



Erasto M. Simon

Executive Director

Date: 8 March, 2024

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023		
	2023	2022
	TZS	TZS
CASH FLOW FROM OPERATING ACTIVITIES		
RECEIPTS		
Other Revenue	3,422,224,165	2,741,050,245
Increase in Deposit	1,120,684,245	2,654,647,248
Fees, Fines, Penalties and Forfeits	8,690,247,590	11,355,871,571
Total Receipts	13,233,156,000	16,751,569,064
PAYMENTS		
Wages, Salaries and Employee Benefits	3,718,607,070	3,437,127,671
Use of Goods and Service	5,557,514,178	4,787,626,665
Other Transfers	172,000,000	172,000,000
Other Expenses	454,965,126	325,509,655
Maintenance Expenses	357,065,368	72,440,948
Total Payments	10,260,151,742	8,794,707,939
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	2,973,004,259	7,956,861,125
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(1,069,280,878)	(500,759,981)
Acquisition of Intangibles	(400,464,350)	(56,460,568)
NET CASH FLOW USED IN INVESTING ACTIVITIES	(1,469,745,228)	(557,220,549)
Net Increase	1,503,259,031	7,399,640,577
Effect of Foreign Currency Changes	275,835,322	14,401,642
Cash and cash equivalent at beginning of period	14,713,767,940	7,299,725,721
Cash and cash equivalent at end of period	16,492,862,293	14,713,767,940



Erasto M. Simon

Executive Director

Date: 8 March, 2024

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Tax Payer's Fund	Accumulated Surplus/(Deficit)	Total
	TZS	TZS	TZS
Opening Balance as at 01 Jul 2022	925,696,510	29,626,805,223	30,552,501,733
Surplus/ Deficit for the Year		3,426,014,341	3,426,014,341
Closing Balance as at 30 Jun 2023	925,696,510	33,052,819,564	33,978,516,074
 Opening Balance as at 01 Jul 2021	 925,696,510	 21,780,300,729	 22,705,997,239
Surplus/ Deficit for the Year		7,764,785,201	7,764,785,201
Other Appropriations/Prior year adjustments		81,719,293	81,719,293
Closing Balance as at 30 Jun 2022	925,696,510	29,626,805,223	30,552,501,733



Erasto M. Simon
Executive Director
Date: 8 March, 2024

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023
Both Annual Budget and Financial Statements Adopt Accrual Basis

2022		2023				Percentage B/A (%)
Actual		Original Budget	Final Budget (A)	Actual Amount on Comparison Basis(B)	Difference Final Budget and Actual (A-B)	
	TZS	TZS	TZS	TZS	TZS	
	REVENUE					
	Revenue from Fees, Fines, Penalties and Forfeits					
80,000,000	New OMCs Joining Fees	90,000,000	90,000,000	105,000,000	(15,000,000)	17%
140,293,568	Other Incomes			1,925,985,527	(1,925,985,527)	100%
11,135,578,002	Late LC Opening Penalty - USD	7,400,000,000	7,400,000,000	6,659,262,063	740,737,937	10%
11,355,871,570	Total revenue from non- exchange transactions	7,490,000,000	7,490,000,000	8,690,247,590	(1,200,247,590)	16%
	Revenue from Other Incomes					
3,768,359,211	Contributions Income	4,429,600,000	4,429,600,000	3,541,868,883	887,731,118	20%
1,576,628,809	Tender Documents	1,500,000,000	1,500,000,000	1,428,951,229	71,048,771	5%
174,090,813	Prequalification Documents	150,000,000	150,000,000	120,415,668	29,584,332	20%
5,519,078,833	Total revenue from exchange transactions	6,079,600,000	6,079,600,000	5,091,235,779	988,364,221	16%
	Other Gain/(Loss)					
14,401,642	Other Gain/(Loss) of Foreign Exchange			275,838,322	-275,838,322	100%
16,889,352,046	Subtotal- revenue	13,569,600,000	13,569,600,000	14,057,321,691	(487,721,691)	4%
	From reserved Income	1,818,545,910	1,818,545,910	-	0	
	Total Revenue	15,388,145,910	15,388,145,910	14,057,321,691	(487,721,691)	3%
	EXPENSES					
3,499,770,648	Employment Costs	4,913,824,500	4,913,824,500	3,602,992,230	1,310,832,270	27%
5,039,500,596	Administrative Costs/Other Charges (OC)	7,082,411,000	7,082,411,000	6,314,747,529	767,663,471	11%
172,000,000	Transfer to Treasury	172,000,000	172,000,000	172,000,000	0	100%

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

71,000,000	Audit fees	71,000,000	71,000,000	0	100%
8,782,271,244	Total Expenses	12,239,235,500	10,160,739,759	2,078,495,741	17%
8,107,080,802	Net Receipts/Payments	3,148,910,410	3,896,581,932	(747,671,522)	



Erasto M. Simon

Executive Director

Date: 8 March, 2024

1.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

1.1 Reporting entity

Petroleum Bulk Procurement Agency the “Agency” is an Executive Agency established by Establishment Order GN NO 423 of 2015 under the Executive Agencies Act Cap 245 and domiciled in the United Republic of Tanzania. The financial statements of the Agency are for the period ended 30 June 2023.

The address of the office is as follows:

Tanzania Port Authority,
One Stop Centre Building,
11th Floor,
P. O. Box 2634,
DAR ES SALAAM

2.0 Basis of Preparation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Public Sector Accounting Standards IPSAS under Accrual Basis of Accounting and Regulation 8 of The Petroleum Bulk Procurement Regulations, 2015 GN 508 with amendments in GN 198 of 2017.

The statement of cash flows is prepared using the direct method.

2.2 Basis of Measurements

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss is measured at fair value.

2.3 Functional and Presentation Currency

These financial statements are presented in Tanzanian shillings which is the Agency’s functional currency.

2.4 Going concern

The Executive Director as the Accounting Officer of the Agency reasonably expects that the Agency has adequate resources to continue in operational existence for the foreseeable future. The Agency therefore continues to apply the going concern basis in preparing its annual financial statements.

2.5 Use of Estimates and Judgements

The preparation of financial statements in conformity with IPSASs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

accounting estimates are recognised prospectively.

2.6 Authorisation Date

The financial statements of the Petroleum Bulk Procurement Agency (PBPA) for the year ended 30 June 2023 have been approved by the Management on 30 August 2023 and submitted to the Controller and Auditor General for audit. The authorised date for the issue of Financial Statements is after the CAG sign the financial statements and the reports are tabled to the National Assembly.

3.0 Significant accounting policies

The significant accounting policies of the Agency are:

3.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate on transaction date.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the closing foreign exchange rate ruling at the reporting date.

The exchange rate as at 30 June, 2023 was TZS 2,327.52/USD. Exchange gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences on foreign currency transactions are included in the statement of financial performance.

3.2 Revenue recognition

3.2.1 Revenue from non-exchange transactions

The Agency obtains revenue categorised as non-exchange transactions from the following sources: -

- (i) New OMC's Joining Fees
- (ii) Late LC Opening Penalty

Revenue from non-exchange transactions is measured at fair value and recognised on obtaining control of the asset cash, goods, services, property, plant and equipment, if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably.

3.2.2 Revenue from exchange transactions

The Agency obtains revenue categorised as exchange transactions from the following sources: -

- (i) Tender Documents
- (ii) Pre-qualification Documents
- (iii) Contributions from OMC's

The agency will only recognise revenue from where it is acting as principal and has exposure to the significant risks and rewards associated with the rendering of the services.

3.3 Property, Plant and equipment

3.3.1 Recognition and measurement

Property, plant and equipment acquired by the Agency is initially stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment is subsequently measured at cost less accumulated depreciation and accumulated impairment. Depreciation is charged to the statement of financial performance on straight-line basis over the useful economic life of the asset. Impairment losses are recognised in the statement of financial performance as and when these arise.

Property, plant and equipment acquired through non-exchange transactions are recorded initially at fair value, which is assumed as the cost of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items major components of property and equipment.

3.3.2 Depreciation

Depreciation is charged at the rates calculated to allocate the cost of the asset, less any estimated residual value, over its remaining useful economic life. Annual depreciation rates used are as follows:

Class of asset	Depreciation rate
Office furniture	20%
Office equipment	20%
Motor Vehicles/Cycles	20%

The assets' residual values and useful economic lives are reviewed and adjusted as appropriate, at the time of purchase and at the end of each reporting period.

3.3.3 Estimated Useful lives

The estimated useful lives of the assets were reviewed by management at the end of the financial year. Assets which had zero values were reviewed and changed the useful lives to 30 June 2024. The review led to prior year adjustments in the accumulated depreciation and in accumulated surplus amounting to Tshs 81,719,293

3.3.4 De-recognition

Items of property, plant and equipment and/or any significant part of an asset are derecognised upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset Calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the surplus or deficit, in the period when the asset is de-recognised.

3.4 Cash and cash equivalent

Cash and cash equivalents are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, Cash and Cash Equivalents comprise of cash at bank and cash on hand.

3.5 Provisions for Expenses

A provision for expenses is recognised if, as a result of a past event, the Agency has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.6 Provisioning and Write-Off Policy

As a matter of prudence, the Agency makes impairment of loss in respect of bad and doubtful debts in accordance with IPSAS and Board directives.

Full provision is made on debts outstanding for over one year with no sign of being recoverable in respect of OMCs and for staff of the Agency who have left employment. However, vigilant efforts shall be continued for collection of outstanding debts.

Only debts deemed uncollectible shall be considered for write-off from the books of accounts after efforts to recover the debts have been exhausted or where the costs for recovery measures outweighs the benefits to be derived. The write off of debts shall require the prior approval of the Board before forwarding to approving authorities through the Permanent Secretary of the Ministry responsible for petroleum.

3.7 Taxation

The Agency is empowered by The Petroleum Bulk Procurement Regulation, 2015, published by Government Notice 508, as amended by G.N. No. 198 of 2017 under The Petroleum Act, CAP 392 and it has been registered as Agency under the Ministry of Energy, having no motive to make profits.

Being a Government Agency with no motive to make profits, no provision for taxes has been made.

The Agency deducted all statutory deductions such as PAYE and Withholding Taxes and remitted to TRA in time.

3.8 Related Parties

The Agency regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Agency, or vice versa. Members of key management are also regarded as related parties. Where transactions are not at arm's length or not in the ordinary course of business the transactions and resultant balances are disclosed in related party note in the financial statements.

Related party transactions have been reported as Note 4.

3.9 Financial Instruments - Fair Value and Measurement

The Agency has not disclosed the fair values of financial instruments such as short-term receivables and payables, because their carrying amounts are a reasonable approximation of the fair values.

3.9.1 Receivables

Receivables represent amounts due from OMC's, staffs and other providers of goods and services in the normal course of business.

3.9.2 Payables

The Agency recognizes payables when the service or good has been received and invoices have been received.

3.10 Financial Risk Management

The Agency is exposed to the following risks from its use of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk
- d) Currency risk
- e) Interest rate risk

This note presents information about the Agency's exposure to each of the above risks, the Agency's objectives, policies and processes for measuring and managing risk, and the Agency's management of capital. Further quantitative disclosures are included throughout these financial statements. The Agency's Management has overall responsibility of the establishment and oversight of the Agency's risk management framework.

The Agency's risk management policies are established to identify and analyse the risks faced by the Agency, to set appropriate risk limits and controls, and to monitor risk adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Agency, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Management is responsible for monitoring compliance with the risk management

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risk faced by the Agency.

a) Credit Risk

Credit risk is the risk of financial loss to the Agency if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Agency's receivable from customers including the Oil Marketing Companies who have been registered by the Agency. Other receivables do not have standard credit characteristics; they differ depending on whether they are normal prepayments and deposits, "governed by specific prepayment and deposits terms" or the creditworthiness of entity from which they are receivable.

b) Liquidity Risk

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they fall due. The Agency's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damaging the Agency's reputation.

The Agency monitors its exposure to liquidity risk using projected cash flows from operations. The Agency's exposure to liquidity risk is considered low due to existence of sufficient cash and bank balances.

The Agency has a policy not to utilise debt or overdraft facilities.

c) Market Risk

Market risk is the risk that arises from changes in market prices, such as foreign exchange rates, interest rates etc. will affect the Agency's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

d) Currency risk

The Agency is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currency of the Agency, the Tanzanian Shillings TZS. The currencies in which these transactions primarily are denominated are US Dollars USD and Tanzanian shillings TZS.

The Agency strategy towards managing its foreign currency exposure is through transacting mainly using its functional currency.

The Agency invoices its principal and other customers in Tanzanian Shillings which is the Agency's functional currency. No currency risk is therefore attached to trade receivable.

Certain other debtors, prepayments, creditors and bank balances are denominated/ transacted in USD, which exposes the Agency to some currency risk.

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

e) Interest rate risk

The Agency's exposure to the risk of changes in market interest rates relates primarily to cash and bank balances. Bank account balances are monitored monthly, and kept at the lowest possible operations balance. A fluctuation of interest rates due to the changes in economic conditions will not have material impact on the financial position of the Agency; therefore, no sensitivity analysis has been presented.

4.0 Related Party Transactions

Management of Agency comprising of Executive Director, Finance and Planning Manager, Legal Manager, Human Resource Manager, Supply & Logistic Manager and Petroleum Planning Manager. The management team are considered a related party in accordance with the requirement of IPSAS 20. In view of the above the financial statements of the Agency, include emoluments paid to management as follows;

	2023	2022
	TZS	TZS
Aggregate Remuneration Management	692,400,000	692,400,000

5.0 Contingent Liabilities and Other Commitments

There is no known contingent liability as at the end of the period.

6.0 Capital Commitments

The Agency had no capital commitments as at 30 June, 2023.

7.0 Comparative Figures

Previous year's figures have been re-arranged whenever considered necessary in order to make them comparable with current year's figures

8.0 Subsequent Events

At the date of signing the financial statements, the Agency Management is not aware of any other matter or circumstance arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affected the financial position of the Agency and results of its operations.

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 10 - Reconciliation of Cash Flow - Indirect Method		
Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit) for the Period Ended 30 June 2023		
	2023	2022
	TZS	TZS
Surplus/ Deficit for the Period	3,426,014,341	7,764,785,201
Add/ (Less) Non-Cash Item		
Depreciation of Property, Plant and Equipment	470,567,592	342,295,601
Foreign Currency Exchange gain/(loss)	(275,835,322)	(14,401,642)
Add/ (Less) Change in Working Capital		
Deposit Payable	1,120,684,245	2,654,647,248
Payables and Accruals	(43,069,539)	(19,275,949)
Prepayments	(56,342,444)	6,839,254
Receivables	(1,669,014,614)	(2,778,028,588)
Net Cash Flow from Operating Activities	2,973,004,259	7,956,861,125

Note 11- Payables Age Analysis

Accounts payables and Other Accruals	Outstanding balance as at 30 June 2023	0-12 Months	More than 12 Months
	TZS		
WCF Payable	1,076,115	1,076,115	0
Withholding Tax	(68,211)	(68,211)	0
Internet Connectivity	765,000	765,000	0
Rent charges payable	22,058,374		22,058,374
Service Charges payable	590,323	590,323	0
Parking Fees Payable	22,488,629	22,488,629	0
Electricity Payable	11,237,743	11,237,743	0
Email Hosting Payable	-17	-17	0
Total	58,147,956	36,089,582	22,058,374
Deposits Payable	Outstanding balance as at 30 June 2023	0-12 Months	More than 12 Months
	TZS		
Deposit General			
Demurrage	309,713,923	306,023,068	3,690,855
Investigation	138,848,363	1,391,156	137,457,207
En-cashed Performance Guarantee	15,680,917	636,111	15,044,806
Suppliers Penalties	1,124,765,104	68,884,797	1,055,880,307
Cash Bank Guarantee	87,282,000	874,500	86,407,500
Other Deposits In TZS	2,316,169	2,316,169	0
Other Deposits In USD	3,886,206,192	1,860,488,117	2,025,718,075
Government Institutions Fees Collected Payable	47,448,987	47,448,987	0
Total	5,612,261,655	2,288,062,905	3,324,198,750

Note 12 - Receivables Age analysis			
Receivables	Outstanding balance as at 30 June, 2023	0-12 Months	More than 12 Months
	TZS	TZS	TZS

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Contribution Receivables	419,080,471	419,080,471	-
Late LC Penalty Receivable	844,782,744		844,782,744
Penalties Receivable (USD)	17,628,420,331	6,000,000,132	11,628,420,199
Over and Under delivery Penalties	699,386,590	699,386,590	-
BPS Distortion	116,376,000	1,166,000	115,210,000
Staff Loan And Advance	310,208,260	310,208,260	-
Advance GPSA	24,496,520	24,496,520	-
Security Deposit	43,305,236	43,305,236	-
Alchemist Case	814,881,012	814,881,012	-
Sub Total	20,900,937,164	8,312,524,220	12,588,412,943
Prepayments	Outstanding balance as at 30 June 2023	0-12 Months	More than 12 Months
	TZS	TZS	TZS
Prepayment - Expenses			
Fuel - GPSA	10,387,687	10,387,687	-
NHIF	54,050,000	54,050,000	-
Sub Total	64,437,687	64,437,687	-
Grand Total	20,965,374,851	8,376,961,907	12,588,412,943

Note 13- Prior year Financial Statements Adjustments

During the year, assets which had zero values but were still in use were reviewed and resulted to the following prior year adjustment.

		DR	CR	Accumulated Depreciation Total TZS	Accumulated Surplus Total TZS	Narrations
1	Accumulated depreciation	86,320,686		86,320,686		Prior year adjustment of accumulated depreciation resulting from review of assets whose estimated useful lives were reviewed
	Accumulated surplus		86,320,686		(86,320,686)	
2	Accumulated surplus	4,601,400			4,601,400	
	Accumulated depreciation		4,601,400	(4,601,400)		
	Total adjustments			81,719,285	(81,719,285)	

Note 19 - Fees, Fines, Penalties and Forfeits	2023	2022
	TZS	TZS
Forfeits	0	140,293,569
Penalties	8,585,247,590	11,135,578,002
Registration Fees	105,000,000	80,000,000
Revenue	8,690,247,590	11,355,871,571
Note 27- Gain on Foreign Currency Transactions	2023	2022
Foreign Currency Exchange gain/(loss)	275,835,322	14,401,642
	275,835,322	14,401,642
Note 31 - Other Revenue	2023	2022

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Application fee	120,415,668	174,090,813
Receipts From Commissions	3,541,871,883	3,768,359,211
Tender Documents	<u>1,428,951,229</u>	<u>1,576,628,809</u>
Revenue	5,091,238,779	5,519,078,833
Add/Less (Change in Working Capital)		
Other Revenue - Receivable	(1,669,014,614)	(2,778,028,588)
	(1,669,014,614)	<u>(2,778,028,588)</u>
Receipt	3,422,224,166	2,741,050,245
Note 34 - Wages, Salaries and Employee Benefits		
Civil Servants	2,571,376,000	2,528,261,000
Electricity	16,800,000	14,400,000
Extra-Duty	54,660,000	62,775
Field (Practical Allowance)	50,900,000	49,360,000
Housing allowance	50,400,000	43,200,000
Leave Travel	215,063,000	206,678,000
Medical and Dental Refunds	169,796,710	187,221,812
Drugs and Medicines	0	4,000,000
PSSSF	356,067,000	350,658,750
Skills Levy and Development Expenses	105,072,640	103,284,984
Workers Compensation Fund -WCF	<u>12,856,880</u>	<u>12,641,305</u>
Total Expenses	3,602,992,230	3,499,768,626
Add/less (change in working capital		
Prepayment employee benefit	54,050,000	0
Payables related to Employment	61,564,840	(62,640,955)
	115,614,840	(62,640,955)
Total Payments	3,718,607,070	3,437,127,671
Note 35 - Use of Goods and Service		
Advertising and publication	44,661,972	21,074,972
Air Travel Tickets	255,430,968	211,792,126
Books, Reference and Periodicals	7,091,250	12,035,000
Outfit Allowance	2,990,000	10,360,132
Catering Services	973,500	11,578,500
Computer Software	0	259,600
Computer Supplies and Accessories	3,000,000	4,250,852
Conference Facilities	116,406,754	64,300,708
Sitting Allowance	307,064,298	285,149,000
Courier Services	0	1,217,300
Diesel	130,923,319	84,505,199
Electricity	30,434,111	27,272,209
Entertainment	105,546,776	62,912,500
Food and Refreshments	105,342,199	120,100,465
Ground Transport (Bus, Train, Water)	13,080,000	6,466,416
Ground travel (bus, railway taxi, etc.)	147,903,670	94,236,575
Internet and Email connections	99,533,800	44,628,720
Transport Allowance	168,610,718	3,920,000

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Mobile Charges	60,000,000	61,512,136
Newspapers and Magazines	1,027,400	4,039,200
Office Consumables (papers, pencils, pens and stationaries)	174,811,464	23,280,063
Outsourcing Costs (includes cleaning and security services)	60,982,852	9,558,000
Per Diem - Domestic	1,709,156,022	1,794,248,222
Per Diem - Foreign	755,582,063	458,438,320
Petrol	0	30,000
Posts and Telegraphs	240,000	466,200
Printing accessories	0	43,180,368
Printing and Photocopying Costs	102,583,091	24,006,440
Production and Printing of Training Materials	3,600,000	4,300,000
Protective Clothing, footwear and gears	34,550,000	2,000,000
Publicity	30,390,000	64,226,843
Remuneration of Instructors	10,950,000	14,860,000
Rent - Office Accommodation	423,524,040	356,249,741
Small engineering tools and equipment	160,000	80,847,900
Special Foods (diet food)	4,500,000	337,896
Subscription Fees	94,993,644	71,653,754
Telephone Charges (Land Lines)	36,000,000	0
Training Allowances	38,584,778	65,870,100
Tuition fees	131,010,010	157,136,472
Visa Application Fees	198,400	5,926,840
Hardship Allowance	229,879,937	217,773,245
Honoraria	132,000,000	186,550,000
Expenses	5,573,717,035	4,712,552,015
Add/Less (Change in Working Capital)		
Prepayment - Expenses	2,292,444	(6,839,254)
Payable - use of goods and services	(18,495,301)	81,916,904
	(16,202,857)	75,077,650
Payment	5,557,514,178	4,787,629,665
Note 36 - Maintenance Expenses		
Computers, printers, scanners, and other computer related equipment	117,839,804	70,544
Motor Vehicles and Water Craft	176,118,568	72,366,904
Outsource maintenance contract services	63,106,995	0
Wood and Timber Supplies	0	3,500
Total Expenses	357,065,368	72,440,948
Note 52 - Other Expenses		
Audit fees	71,000,000	71,000,000
Audit supervision expenses	135,407,425	232,996,100
Bank Charges and Commissions	3,244,851	4,598,555
Burial Expenses	4,959,291	4,000,000
consultancy fees	46,854,891	0
Director's Fee	50,738,623	0
Legal fees	4,880,415	0

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Parking Expenses	46,194,544	0		
Sundry Expenses	91,685,086	12,915,000		
Total Expenses	454,965,126	325,509,655		
Note 60 - Other Transfers				
Contribution to CF (15%)	172,000,000	172,000,000		
Total Expenses	172,000,000	172,000,000		
Note 61 - Receipts from Deposit				
Deposit General	(1,120,684,245)	(2,654,647,248)		
Revenue/Receipts from Deposit Payable	(1,120,684,245)	(2,654,647,248)		
Note 62 - Cash and Cash Equivalents				
BOT Own source Collection Account	226,050,680	2,012,094,019		
Deposit Account USD	7,253,121,538	6,026,613,962		
Deposit General Cash Account	309,146,415	1,195,447,508		
Own source Collection Account - CRDB	309,533,441	0		
Own source Collection Account CRDB - USD	115,275,246	3		
Own source Recurrent Expenditure GF	436,729,001	101,356,521		
USD BOT Collection Account	7,784,817,973	5,378,255,926		
USD Recurrent Expenditure	58,188,000	0		
	16,492,862,293	14,713,767,940		
Note 67 - Receivables				
Other Revenue - Receivable				
Contribution Receivables	419,080,471	738,220,235		
Penalty Receivable in TZS	844,782,744	1,411,513,101		
Penalties Receivable in USD	17,628,445,024	15,827,477,121		
Over and Under delivery Penalties	699,386,590	-		
BPS Distortion	116,376,000	115,210,000		
Staff Loan And Advance	310,208,260	467,584,201		
Advance GPSA	24,496,520	635,098,674		
Security Deposit	43,305,236	36,843,756		
Alchemist Energy Enc.	814,881,012	-		
	20,900,961,857	19,231,947,243		
Note 69 - Prepayments				
Fuel - GPSA	10,363,150	4,337,980.00		
NHIF	54,050,000	-		
TPA Parking fees	-	3,732,725.76		
	64,413,150	8,070,705.76		
Note 77 - (a) PPE Movement Schedule as at 30 th June 2023				
	Equipment	Furniture	Motor Vehicle/ cycle	Total
	TZS	TZS	TZS	TZS
COST				

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

As at 01 July 2022	809,637,311	100,522,911	1,227,836,935	2,137,997,157
Additions	259,468,763	199,209,960	610,602,155	1,069,280,878
Prior year adjustments	-	-	-	-
As at 30 June 2023	1,069,106,074	299,732,871	1,838,439,090	3,207,278,035
Depreciation				
As at 01 July 2022	(328,959,622)	(61,735,091)	(612,252,266)	(1,002,946,979)
Charge for the year	(171,535,239)	(32,006,708)	(267,025,645)	(470,567,592)
As at 30 June 2023	(500,494,861)	(93,741,799)	(879,277,911)	(1,473,514,571)
Net Book Value 30 June 2023	568,611,213	205,991,072	959,161,179	1,733,763,464
Financial Year	Equipment	Furniture	Motor Vehicle/Cycle	Total
2021/22	TZS	TZS	TZS	TZS
COST				
As at 01 July, 2021	499,371,157	100,522,911	1,037,343,109	1,637,237,177
Additions	310,266,154	-	190,493,826	500,759,980
As at 30 June 2022	809,637,311	100,522,911	1,227,836,935	2,137,997,157
DEPRECIATION				
As at 01 July, 2021	(226,581,177)	(62,620,908)	(453,168,586)	(742,370,671)
Adjustments	4,636,716	14,849,599	62,232,978	81,719,293
Charge for the year	(107,015,161)	(13,963,782)	(221,316,658)	(342,295,601)
As at 30 June 2022	(328,959,622)	(61,735,091)	(612,252,266)	(1,002,946,979)
Note 77 - (b) Acquisition of Property, Plant and Equipment				
Motor vehicles,			610,602,155	184,693,826
Motorbikes and bicycles			0	5,800,000
Office equipment			259,468,763	310,266,154
Office Furniture and Fittings			199,209,960	0
Payment			1,069,280,878	500,759,980
Note 78 (a) Intangible Assets (WIP) Movement				
COST			TZS	
As at 01 July 2022			56,460,568	
Additions			400,464,350	
As at 30 June 2023			456,924,918	
Note 78 (b) Acquisition of Intangibles (WIP)				
Work In Progress Intangible Asset			400,464,350	56,460,568
Payment			400,464,350	56,460,568

PETROLEUM BULK PROCUREMENT AGENCY (PBPA)
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 89 - Accounts payables and Other Accruals		
Payables related to Employment		
WCF Payable	1,076,115	0
PAYE payable	-	50,240,275
Medical expenses	-	12,400,680
Subtotal Payables related to Employment	<u>1,076,115</u>	<u>62,640,955</u>
Payables related to use of goods and services		
Withholding Tax	(68,211)	10,158,134
Newspaper Payable	-	356,400
Internet Connectivity	765,000	
Rent charges payable	22,058,374	22,058,374
Service Charges payable	590,323	0
Parking Fees Payable	22,488,629	0
Electricity Payable	11,237,743	6,003,631
Email Hosting Payable	(17.00)	0
Subtotal Payables related to use of goods and services	<u>57,071,840</u>	<u>38,576,539</u>
Total Accounts payables and Other Accruals	<u>58,147,955</u>	<u>101,217,494</u>
Note 94 - Deposits Payable		
Deposit General		
Demurrage	309,713,923	3,690,855
Investigation	138,848,363	137,457,207
En-cashed Performance Guarantee	15,680,917	15,044,806
Suppliers Penalties	1,124,765,104	1,055,880,307
Tender Fees	-	32,270,850
Cash Bank Guarantee	87,282,000	86,407,500
Other Deposits In TZS	2,316,169	15,420,475
Other Deposits In USD	3,886,206,192	2,025,718,075
Government Institutions Fees Collected Payable	47,448,987	705,727,068
Alchemist Energy Enc.	-	413,960,267
	<u>5,612,261,655</u>	<u>4,491,577,410</u>

