



**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 2024**

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AR/CG/PBPA/2023/24

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.



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.

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Abbreviations

AR	Audit report
BPS	Bulk Procurement System
CAP	Chapter
CG	Central Government
ECL	Expected Credit Loss
EWURA	Energy and Water Utilities Regulatory Authority
ICT	Information Communication Technology
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
NEMC	National Environment Management Council
OMC	Oil Marketing Companies
PBPA	Petroleum Bulk Procurement Agency
TBS	Tanzania Bureau of Standards
TFRS	Tanzania Financial Reporting Standard
TPA	Tanzania Ports Authority
TPDC	Tanzania Petroleum Development Corporation
TRA	Tanzania Revenue Authority
WMA	Weights and Measures 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 the Petroleum Bulk Procurement Agency (PBPA), which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, the statement of changes in net assets, the 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 the Petroleum Bulk Procurement Agency (PBPA) as at 30 June 2024, and its financial performance and its cash flows for the year that 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 the Petroleum Bulk Procurement Agency (PBPA) 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 Report by those charged with Governance, a statement of management



responsibility, the 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 scepticism 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 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 that were of most significance in the audit of the current period's financial statements 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 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 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 LEGISLATION

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 (PBPA) for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of the Petroleum Bulk Procurement Agency (PBPA) 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 (PBPA) for the financial year 2023/24 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 (PBPA) 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 2025



2.0 FINANCIAL STATEMENTS

2.1 INTRODUCTION

In compliance with the Tanzania Financial Reporting Standard (TFRS) No. 1 on Report by Those Charged with Governance issued by the National Board of Accountants and Auditors of Tanzania (NBAA), the Management submits the Governance Report and Financial Statements of the Petroleum Bulk Procurement Agency (PBPA) for the year ended 30 June 2024.

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 operationalised by the Petroleum Bulk Procurement Regulations, GN 198 of 2017. PBPA was established to take over the Petroleum Importation Coordinator Limited PICL functions. for

The Agency was established to achieve the following general activities:

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

2.3 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 the Agency's functions without prejudice, with respect for the interest of all stakeholders fairly and openly,
- (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 customer satisfaction and deliver ever-increasing value in the market we serve,
- (iv) Teamwork: We work collaboratively, develop and maintain productive working relationships based on mutual respect,

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- (v) Efficiency: We are committed to providing better and value-added services to our stakeholders,
- (vi) Compliance: We are committed to promoting an organisational culture that encourages service delivery adherence to the legislation, standards, and procedures.

2.4 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 quantities,
- (v) To Coordinate diligent receipt by Oil Marketing Companies of Petroleum products from the delivery vessels and
- (vi) To relay information, on time, 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.

2.5 FINANCING OF THE AGENCY

Regulation 7 of the Petroleum Bulk Procurement Regulations, 2017 provides for funding sources of the 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 CORPORATE GOVERNANCE

The Agency's overall Management 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, under the Executive Director's supervision, demonstrated the capability to handle all operational and administrative matters

efficiently. Under the Executive Director, the Management is organised into two 2 Directorates and four 4 Units.

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

2.7 COMPOSITION MINISTERIAL ADVISORY BOARD (MAB)

The Board of Directors of PBPA is an advisory body consisting of a chairman appointed by the President of the United Republic of Tanzania and three non-executive directors appointed by the Minister. The Executive Director is appointed by the Minister responsible for Energy and is the Secretary to the Board. The Chairman is serving his second term, while the other three members of the Board are serving for their first term and are eligible for reappointment for one further term of three years. 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.

2.7.1 BOARD COMPOSITION

During the year ended June 2024, the Board was composed of the following members;

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
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
Mr. Erasto Simon	07.06.1974	MSc Petroleum Geoscience	Tanzanian	Secretary	1.2.2018	To date

**Erasto Simon is the agency's Chief Executive Officer and a Secretary to the Board. He was appointed chief executive officer on the date he was appointed to the board.

2.7.2 BOARD MEETINGS

Four ordinary meetings were planned for 2023/24. All ordinary board meetings were conducted as planned, and four extraordinary meetings were conducted.

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Table 1: Attendance of Board Members in Board Meetings

SN	Member's name	Planned Ordinary Meeting	Ordinary meeting held	Ordinary Meetings attended	Extraordinary meeting held	Extraordinary Meetings attended
1.	Dr. Lutengano U. Mwakaheya	4	4	4	4	4
2.	CPA. Yona S.M. Killagane	4	4	4	4	4
3.	Eng. Petro Marwa	4	4	4	4	4
4.	Eng. Godwin Samwel	4	4	4	4	4
5.	Mr. Erasto M. Simon	4	4	4	4	4

2.8 AUDIT AND RISK MANAGEMENT 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 23 November 2023. The Audit Committee's objective is to promote and raise the standards of corporate accountability and governance within the Agency. The Committee is also responsible for overseeing the risk management system and monitoring the implementation of actions raised by internal and external auditors and regulators.

All members of the Audit Committee are Tanzanians. As stipulated in the Audit Committee charter, members serve three years. The Committee reports to the Accounting Officer and is required to meet quarterly during the year.

2.8.1 Members of the Committee

The Audit Committee comprises four members (two Members, including its chairman from external and two members from internal). Both members are full members with equal standing with the committee members from PBPA. Members of the Audit Committee who served during the year are indicated in the table below:

Table 1: The list of Audit and Risk Management Committee members is as follows:

S/N	Name	Position	Qualification	Date of Appointment	Date of Tenure End	Age (Years)
1.	CPA Peter Mwambuja	Chairman	MBA (Finance), CPA(T)	23/11/2023	22/11/2026	49
2.	CPA Leonard Kitoka	Member	MBA (Finance), CPA(T)	23/11/2023	22/11/2026	54
3.	CPA Yona Kilagane	Member	MSc (Finance), FCCA, FCPA	1/08/2024	22/11/2026	70
4.	Adv. Joyce Mwita*	Member	LLM & MBA (Finance)	23/11/2020	11/11/2023	40
5.	Gilbert Jungulu	Member	Adv. Diploma (Supply Logistics)	23/11/2023	11/11/2026	56
6.	Adv. Lilian Rwegimbura	Member	LLA, LLM, PG. Dip-Tax Mgt, MBA	23/11/2023	11/11/2026	44
7.	Juma H. Juma	Secretary	BAF and Msc. A&F, CPA(T)	23/11/2023	11/11/2026	40

Note: * Indicate the outgoing member of the committee

2.8.2 Meetings and Attendance

During the year under review, the Audit and Risk Management Planned to conduct four ordinary meetings, and during implementation, the Committee conducted seven meetings where four were ordinary, and three were extraordinary. A summary of the number of meetings attended by individual members is indicated in table No. 2 below:

Table 2: The Number of Meetings Attended by each Member

S/N	NAME	Meetings	
		Ordinary	Extra Ordinary
1.	CPA Peter Mwambuja	4	3
2.	CPA Leonard Kitoka	4	3
3.	CPA. Yona Killagane***	0	0
4.	Adv. Joyce Gachuma*	1	0
5.	Gilbert Jungulu	4	3
6.	Adv. Lilian Rwegimbura**	2	2
7.	CPA Juma Hamidu	2	2

Note: * Indicating the outgoing member of the committee

: ** Indicating the incoming new member of the committee

:*** Appointed on August 2024

2.8.3 AUDIT AND RISK MANAGEMENT RESPONSIBILITY

The Roles and Responsibilities of the Audit and Risk Management Committee includes;

- i) To review internal control system, risk management, compliances, and PBPA's annual budgets and Management's proposals for budget re-allocation;
- ii) To review quarterly, semi-annual, and annual financial performance review reports;
- iii) To review PBPA's annual reports;
- iv) To review PBPA's strategic plans;
- v) To review internal and external audit plans and reports; and
- vi) To perform such other functions as may be assigned by the Accounting Officer

2.8.4 AUDIT COMMITTEE ACTIVITIES PERFORMED DURING THE YEAR

The deliberations and recommendations performed by the Audit and Risk Management Committee during different meetings in the financial year 2023/24 include:

- (i) Review and recommend for Approval Agency Financial Statements for the year 2022/23 before submission to CAG;
- (ii) Reviewed and recommended for approval of the Agency External Auditors' management letter;
- (iii) Reviewed and Approve Internal Audit charter and Committee charter;
- (iv) Reviewed and approved the MTEF (budget) and Action Plan 2023/24 for the Internal Audit unit;
- (v) Review and recommend the Risk Management policy of the Agency;
- (vi) Review and recommend the Agency's Strategic Plan and Annual action plan;
- (vii) Reviewed and approved internal audit reports;

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- (viii) Reviewed and recommended for approval policy documents related to risk management, controls, and governance process;
- (ix) Review and recommend approved Agency Regulation and Manual;
- (x) Issued advice to Management and Accounting officer on the best way to improve the performance of the Agency;
- (xi) Review Management letter to confirm Management responses address the CAG observation;
- (xii) Follow up on the implementation of CAG and Internal audit recommendations; and
- (xiii) Participate in different capacity-building programs (Training for the committee).

2.9 TENDER BOARD AND PROCUREMENT MANAGEMENT PMU

Section 37 of the Public Procurement Act, 2011 requires the Accounting Officer to form a Tender Board and PMU, respectively. The Petroleum Bulk Procurement Agency established 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	02 February 2023
2.	Elias Nyale	Secretary	02 February 2023
3.	Angelique Kachuchuru	Member	02 February 2023
4.	Gilbert Jungulu	Member	02 February 2023
5.	Pantaleo Bayo	Member	02 February 2023
6.	Sophia Kidimwa	Member	02 February 2023

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

- (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 procuring entities strictly adhere to best practices in relation to procurement and disposal by tender.

2.10 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Under the Establishment Order GN No 423 of 2015, the Management is responsible for preparing Financial Statements that give a true and fair view of the state of affairs of the Authority at the end of each financial year. The Board of Directors confirms that applicable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made to prepare the Financial Statements for the year ended 30 June 2024. It is also confirmed that the International Public Sector Accounting Standards (IPSAS) accrual

basis has been followed in conformity with the Public Finance Act, Cap. 348 [R.E. 2020]. The PBPA's Management is responsible for keeping proper accounting records, safeguarding the Assets of the Agency, and designing, implementing, and maintaining internal controls relevant to preparing and presenting financial statements free from material misstatement caused by error, fraud, or other irregularities.

2.11 RESOURCES AND STRENGTH

PBPA has well-trained and capable employees who can implement its mandates as provided under the Petroleum Act of 2015. The resources and strengths that facilitate the PBPA's endeavour to achieve its strategic objectives include human, financial, and technological resources.

Regarding human capital, the Agency has well-qualified and committed staff dedicated to a long-term career in the PBPA's operations. Management maintains a continuous training program for its staff to keep abreast of social, economic, and development issues worldwide. Likewise, management adheres to good governance and promotes labour relations that provide a conducive environment to discharge its mandates.

From a financial perspective, PBPA enhances its financial sufficiency by improving its resource management and ensuring optimal resource utilisation through prioritisation and implementing its activities within the available financial funds.

PBPA continued to improve its Information Systems management by automating its business processes in finance and accounts, human resources, procurement and records management, and geological data management.

2.12 MANAGEMENT AND ORGANISATION STRUCTURE

2.12.1 Management

According to the Executive Agencies Act 2015, the Executive General heads the Agency. An Accounting Officer with the overall powers of managing daily activities reports directly to the Board of Directors. The Management team carries out the Agency's operations under the Executive Director. The Executive Director is assisted by three Heads of Units and four Heads of Sections.

2.12.2 Key Management Personnel of the Agency

The Management team comprised of:

S/N	Name	Qualifications/Discipline	2023/24
1.	Mr. Erasto M. Simon	MSc. in Petroleum Geology	Executive Director
2.	Mr. Raymond J. Lusekelo	Bachelor of Mechanical Engineering	Petroleum Logistic Manager
3.	Mr. Juma H. Juma	Msc. Accounting and Finance (Msc-AF), CPA (T)-ACPA	Head of Internal Audit

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S/N	Name	Qualifications/Discipline	2023/24
4.	Mr. Kedron I. Mbwilo	Master of Business Administration (MBA), CPA (T)-ACPA	Finance and Planning Manager
5.	Ms. Joyce M. Gachuma	Master of Business Administration (MBA),	Human Resource and Adm. Manager
6.	Ms. Lilian Rwegimbura	Masters in Commercial Law	Head of Legal Services
7.	Mr. Gilbert O. Jungulu	Bachelor of Material Management	Petroleum Planning Manager
8.	Ms. Angelique S. Kachuchuru	Master in Information and Communication Technology	Ag. ICT and Statistic Manager

2.13 PERFORMANCE MEASUREMENTS

2.13.1 Strategies of the Agency

As coordinator of importation of petroleum products in the country and landlocked countries, a petroleum bulk procurement agency is responsible for ensuring the availability of petroleum products in the country at all times (security of supply), efficient procurement of petroleum products, competitive international tendering, and transparency in the BPS process. The Agency's strategies are specifically focused on enhancing the security of the supply of petroleum products in the country, increasing the participation of Tanzanians and international companies in BPS tenders, and ensuring that end consumers receive the reliable cost of petroleum products.

2.13.2 Key Performance Indicators (KPIs)

The Agency applies three criteria for performance indicators: relevance, measurable, and validity. Performance indicators must be measurable, although measurement may sometimes be qualitative. If indicators help change the mix of activities to achieve the most desirable industry outcomes, the responsibility for affecting different indicators and incentives for achieving good performance needs to be established.

a) Input Indicators

Input indicators measure resources needed for a business process or project. They are necessary for tracking resource efficiency in normal operating activities. The inputs for the Agency's activities include the resources available to supervise the discharge of petroleum products, funds to facilitate coordination activities, and the total full-time equivalent staff. The input volume should be adjusted for quality factors such as the standard of the equipment available and capacity-building training for staff.

b) Process Indicators

Given the input level, management and organisational decisions will affect how those resources are used to create different types of processes. A common process indicator for Agency activities includes KPIs focused on cost-benefit analysis in coordination with the importation of petroleum products.

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c) Output Indicators

Output indicators measure the success or failure of the process. This involves the results of the Agency's activities. The agency successfully coordinates the importation of petroleum products and ensures the availability of petroleum products that satisfy the country's demand at all times (security of supply).

2.13.3 General Performance Measurements

In the financial year (FY) 2023/24, PBPA Management accomplished some of its goals as provided in its Annual Plan and Budget, which were derived from the Strategic Plan. Key planned activities and achievements during the financial year 2023/24 are as elaborated hereunder:

S/N	Planned activities	Achievement	Remarks
1.	To provide advice to the Minister on matters relating to BPS operation.	The Government strengthened the BPS operation through the Ministry of Energy by reviewing and approving the PBPA Regulation and BPS. Manual and Standard Operating Procedures (SOP).	PBPA advised the Minister on several issues, which resulted in a review of the PBPA Regulation of 2017 and the BPS Manual of 2020.
2.	To ensure OMC submits its monthly requirements as per market share	Projection, forecast, and simulation were performed to ensure that OMC's submitted orders or requirements were within their market shares. This is done to ensure that the volume submitted each month suffices the demand requirements of the county	The planned activity was monitored and implemented
3.	To supervise 120 vessels for petroleum products.	The Agency managed to supervise the discharge of petroleum products from 120 vessels that tendered NOR within the country during the financial year 2023/24	The planned activity was monitored and implemented.
4.	To reduce loss during discharge of petroleum products to 0.1%	- The Agency managed to reduce loss during discharge to 0.1% from 0.5% as it was in the previous financial year 2022/23, where the loss was 0.33%. - The achievement was due to the involvement of internal surveyors and the operationalisation of the SCADA system	The planned activity was monitored and implemented.

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S/N	Planned activities	Achievement	Remarks
5.	To reduce the demurrage charge to below 2 dollars per metric ton for SPM and 4 Dollars for KOJ1.	- The Agency managed to control demurrage costs by properly planning the delivered date range of every vessel to ensure that the vessels arrive and discharge within the planned time. - During the financial year 2023/24, the average demurrage for SPM was 1.8 USD per metric ton and 3.5 USD per metric ton compared to 3 USD per metric ton and 4.8 USD per metric ton for SPM and KOJ 1 consecutively in the financial year 2022/23.	The planned activity was monitored and implemented.
6.	To ensure 13,000,000 MT metric tons of petroleum product for local and metric tons 12,000,000MT for transit are procured through BPS.	- During the financial year 2023/24, the availability of petroleum products in the country at all times (security of supply) was guaranteed. The country was safe due to the availability of petroleum products in all areas. - Country stock lever was managed to ensure that timely actions were taken.	The planned activity was monitored and implemented.
7.	To procure, install, and commissioning the SCADA system	- PBPA procured, Installed, and commissioned a SCADA system that tracks the discharge of petroleum products from Vessels to terminals in real time. - This system will ensure the detection of any loss during the discharge of petroleum from vessels to Terminals and monitor the actual volume received by the Terminal in comparison with the government flow meter.	The planned activity was monitored and implemented.
8.	Establish a statistical database for all imported petroleum.	In implementing this activity, the Agency selected the dedicated staff to monitor, organise, and act as central control of all data on imported petroleum products from establishing BPS to the current period.	Establishing the Petroleum database and ICT systems is in the final stages.
9.	To facilitate the preparation of financial and Audit reports, remittance of audit fees, and contribution to the	The periodic financial performance reports and annual financial statements for FY 2023/24 were prepared and submitted.	- Reports were submitted to the Government as required. - Issues related to petroleum importations and other Agency operations were

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S/N	Planned activities	Achievement	Remarks
	GVT and coordinate and participate in parliamentary committee meetings	- PPBA's contribution to the Government Consolidated Fund was remitted on time. - PPBA participated in all parliamentary committee meetings.	successfully addressed during parliamentary committee meetings. Issues related to Audited Financial Statements were addressed.
10.	Coordinate board and committee sessions during the financial year 2023/24.	- Mandatory and extraordinary board sessions were performed. - Mandatory Committee meetings and extraordinary meetings performed. - Training session for Board and Audit and Risk Management Committee members performed. - Board Remuneration was facilitated.	The activity was implemented as planned.
11.	To conduct seminars on HIV, AIDS, and non-communicable diseases, as well as sensitisation seminars on corruption issues and good governance.	Two seminars on HIV, AIDS, and non-communicable diseases, as well as one seminar on Anti-corruption issues and good Governance, were conducted for staff.	The activity was implemented as planned.
12.	To conduct capacity building for PBPA staff.	In 2023/24, 61 staff were enhanced with relevant managerial and operational competencies within and outside the country compared to 30 staff trained in 2022/23.	The activity was performed as planned.

2.13.4 Key challenges

The Agency faced several challenges that affected the implementation of its planned activities. During the year 2023/24, the main challenges were Global geopolitical situations that impacted the whole system of production and supply of petroleum products in the world, the Demand shift of petroleum products after the sanction of Russian products, shortage of the US dollar in the market to facilitate payment transactions and decrease in number of petroleum vessels after suction of Russian vessels to carry petroleum products.

2.13.5 The way forward

The Agency continued to make close engagements with the Ministry of Energy, EWURA, Ministry of Finance (MoF), Bank of Tanzania (BoT), and other stakeholders to facilitate the availability of foreign currency, especially USD dollars, amendment

of shipping and supply contracts to allow other strong currency like Pound, Euro, AED to be used in the financing of petroleum products procured under BPS.

2.14 ENVIRONMENTAL MATTERS

PBPA continued to comply with the National Environment Management Council (NEMC) in coordination with the importation and discharging of petroleum products to ensure that all environment of BPS operations is well protected. Environmental issues were prioritised, and robust precautionary measures were taken and implemented to ensure good international and local practices were observed.

2.15 EMPLOYEES' WELFARE

2.15.1 Employment Policy

PBPA is an equal opportunity employer. It does not discriminate against employees with respect to gender, religion, race, disability, age, or marital status. PBPA recognises the need to ensure fair employment practices in recruitment and selection and the retention, learning, and career development of staff. The recruitment process is transparent, non-discriminatory, and open to all eligible and qualified Tanzanians. Also, PBPA fills vacant positions through government transfer of staff from other government institutions after the approval of the President's Office of Public Service Management and Good Governance.

The actual number of staff for the year ended 30 June 2024 was 61. During the year, no employee left PBPA for any reason, and two staff members joined the Agency from another government institution.

2.15.2 Management and Employee Relations

There is a continued good relationship among PBPA staff, the Executive Director, the Board of Directors, and the Ministry of Energy for the financial year 2023/24. PBPA has a functioning Workers Council that statutorily meets twice yearly to discuss issues related to the relationship between employees and Management. During the year under review, the Workers Council met once in Morogoro on 16 to 17 March 2024 to discuss different issues, including the 2022/23 Annual budget and action plan and annual performance report.

2.15.3 Capacity Building

In the financial year 2023/24, the Agency trained 61 staff under short-term training in various disciplines, compared to 46 staff in 2022/23. In addition, Board members and the Audit and Risk Management Committee were trained in various areas, such as corporate governance and normal agency operations.

2.15.4 Employees Benefit Plan

The Agency pays employers' contributions directly to the administered Pension Fund, the Public Service Social Security Fund (PSSSF), on a mandatory basis, qualifying it as a defined contribution plan. The Agency contributes 15% of employee remunerations to the Public Sector Social Security Fund.

All employees, their spouses and a maximum of four children (dependents) are covered under the National Health Insurance Fund (NHIF) within the normal insurance of 6% payable monthly. However, PBPA has an additional supplementary scheme with NHIF to cover the extra costs not covered by NHIF to its employees. In the financial year 2023/24, the Agency incurred TZS 218,138,141 with respect to medical expenses on its staff compared to TZS 169,796,710 incurred in the financial year 2022/23. Furthermore, the Agency provide transport, financial and housing assistance to its employees depending on the availability of funds after an assessment performed by Management.

2.16 OCCUPATIONAL SAFETY AND HEALTH

PBPA complies with the requirements of the Occupational Safety and Health Authority (OSHA) to ensure the creation and maintenance of an ideal working environment for its staff, free from occupational hazards that may cause injuries or illnesses. The Agency is concerned with providing a good working environment to staff to ensure that they are protected and safe at all times.

2.17 GENDER POLICY AND PARITY

PBPA, being an equal-opportunity employer, encourages gender parity. In the year 2023/24, PBPA had 61 employees consisting of 37 males, equivalent to 61% and 24 females, equivalent to 39%, while in the year 2022/23, 35 staff were males and 24 were female staff. PBPA treats its workforce fairly regardless of gender or sex. Furthermore, initiatives aligned with Government policy, guidelines and circulars to empower women were undertaken. They included giving opportunities for females to act for higher positions and supporting the PBPA women's desk.

2.18 HIV/AIDS POLICY

PBPA's HIV/AIDS policy focuses on creating staff awareness of HIV/AIDS among staff members by providing them with updated information on HIV/AIDS, with an emphasis on preventive strategies and education against the pandemic. Also, PPBA sets aside funds to care for infected staff.

Further, the PBPA's policy aligned with the National Policy on HIV/AIDS and guidelines issued by the President's Office - Public Service Management and Good Governance - Diversity Management Department. Staff are encouraged to volunteer in HIV/AIDS testing, practice safe sex, abstain and be faithful to one partner.

2.19 ICT INITIATIVES

PBPA recognises the role of ICT in fulfilling many components of its vision and mission. Thus, for 2023/24, PBPA adopted an electronic Management System (e-office) from the e-Government Authority (eGA) that manages document filing and payment support. Further, different ICT guiding tools, including ICT security policy and Disaster Recovery Plan, were created to assist the day-to-day ICT activities. The Agency continued to establish an automated business process that will add value and increase the Agency's effectiveness in performing its duties.

2.20 ANTI-CORRUPTION MEASURES

PBPA implements a zero-tolerance policy regarding corruption. During the year under review, 52 PBPA staff were trained by the PCCB (Prevention and Combating of Corruption Bureau) in Morogoro—the seminar aimed to create awareness on corruption matters.

2.21 THE IMPACT OF GEOPOLITICAL ON PBPA'S OPERATIONS

Geopolitics plays a crucial role in shaping the global petroleum supply chain. The oil market is highly sensitive to political dynamics, conflicts, and diplomatic relations shifts. Geopolitical tensions often lead to fluctuations in oil prices due to uncertainties in supply or changes in demand. Key geopolitical issues, such as conflicts, wars, and sanctions, can disrupt the market. Since late February 2022, the global petroleum supply chain has been significantly affected by the Russia-Ukraine war and political instability in the Gulf region. These events have disrupted the global supply of petroleum products and created a shortage of US Dollars needed to finance petroleum imports, further exacerbated by rising global oil prices.

The primary source of the Agency's revenue comes from importing petroleum products through the BPS system. In the 2023/24 year, the geopolitical crisis in the Gulf region and the Russia-Ukraine war negatively affected PBPA's revenue, leading to a decline in the volume of petroleum imports, particularly transit cargoes. This was due to a shortage of US dollars in the market, which hindered the financing of transit petroleum product volumes. As a result, PBPA received lower contributions from imported petroleum products, contrary to the anticipated increase in revenue. Additionally, there was an increase in OMCs failing to open letters of credit on time.

2.22 FINANCIAL PERFORMANCE REVIEW FOR THE YEAR 2023/24

2.22.1 Importation Performance

For the 2023/24 financial year, the Agency planned to import 8,704,683,000 litres of petroleum products on behalf of Oil Marketing Companies. During the year, the Agency imported 8,012,956,846 litres, 92% of the planned importation. During the financial year 2022/23, 7,083,737,766 litres were imported. The negative variance has been attributed to the global challenge of a shortage of USD to finance imported products and the geopolitical impact of the Russian-Ukraine War.

2.22.2 Budget Performance

In the financial year 2023/24, the Agency estimated to 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 16,075,803,832. The actual revenue earned was TZS 18,461,871,399 (115%), reflecting an increase of TZS 2,386,067,567, equivalent to a 15% increase. The Agency also earned TZS 3,331,080,042 from foreign currency exchange gains during the year. The high exchange gain has been attributed to assets, including cash held in USD denomination and the increase of exchange rate from TZS 2,327.52/USD on 30 June 2023 and TZS 2626.93/USD as of 30 June 2024.

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The approved budget for the Agency's operational expenses for the financial year 2023/24 was TZS 13,616,856,860 compared to TZS 12,239,235,500 in the financial year 2022/23. The actual amount spent for operations activities was TZS 13,301,614,471, which is 98% of the budgeted amount; this expenditure includes depreciation **TZS 299,966,962** and contribution to the Government Consolidation Fund **TZS 180,000,000**. During 2023/24, the Agency reviewed its receivables for impairment as required by Accounting Principals (IPSAS) and provisioned receivables amounting to **TZS 3,528,347,229**. The provisioned amount has not been considered in evaluating budgetary performance as it is a non-cash expenditure.

2.22.3 Financial Performance

Revenue earned increased by TZS 4,404,549,707 from TZS 14,057,321,691 in 2022/23 to TZS 18,461,871,399 in the year ended 30 June 2024, a 31% increase. The increase is attributed to the increase in actual revenue of TZS 1,073,469,666 and by exchange gain amounting to TZS 3,331,080,042.

The total expenditure during the year under review was **TZS 16,829,961,700** compared to 2022/23 actual expenditures of **TZS 10,814,356,414**. The increase has been attributed to increased activities and projects, which were budgeted TZS 2,187,291,095, and the rest, which were non-cash expenses amounting to **TZS 3,838,314,191** made up of depreciation and amortisation **TZS 299,966,862** and Provisions for bad debts from receivables amounting to **TZS 3,528,347,229**.

2.22.4 Financial Position

The total assets of the Agency as of 30 June 2024 stood at TZS 43,269,450,087 compared to TZS 39,465,876,620 as of 30 June 2023, which is an increase of TZS 3,803,573,467, an increase of 10%. Accounts payable and Accruals as of 30 June 2024 stood at TZS 10,407,226 compared to TZS 58,147,955 as of 30 June 2023, a decrease of 82%. Deposits by Suppliers and OMCs, Cash Guarantees, and Other Deposits stood at TZS 7,831,666,153 as of 30 June 2024 compared to TZS 5,612,261,655 as of 30 June 2023, an increase of 40%.

2.22.5 Prior year adjustments

Due to the implementation of IPSAS 41 on Cash and Cash equivalents held in commercial banks, Expected Credit Loss (ECL) for the year 2022/23 was **TZS 183,049,063**

SN	Description	Original Amount 30 June 2023 TZS	Restated Amount 30 June 2023 TZS	Difference TZS	Reason For Restatement
1	Cash and Cash Equivalent	16,492,862,293	16,309,813,231	183,049,062	Recognition of Expected Credit Loss on Cash and Cash Equivalents held in Commercial Banks per IPSAS 41 requirements.
2	Accumulated Surplus	33,052,819,564	32,869,770,501	(183,049,063)	

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SN	Description	Original Amount 30 June 2023 TZS	Restated Amount 30 June 2023 TZS	Difference TZS	Reason For Restatement
					For comparative purposes, figures in the financial performance statements for 2022/23 have been reinstated.

2.23 RELATED PARTY TRANSACTIONS

Related party expenses for 2023/24 were TZS 723,500,000 and for the 2022/23 were TZS 692,000,000. The increase in related party transactions was attributed to the approval from the president's office, public service management, and good governance to start paying directors' fees to members of the ministerial advisory board (MAB). Details of related party transactions are contained in the financial statements, notes 3.9 and Note 4.

GROUP	2022/23	2023/24	CHANGE
Management	692,000,000	692,000,000	NIL
Ministerial Advisory Board (MAB)	NIL	31,500,000	31,500,000
Total	692,200,000	723,500,000	31,500,000

2.24 RELATIONSHIP WITH STAKEHOLDERS

The Agency's main stakeholders include the Ministry of Energy, the Ministry of Finance and Planning, TPDC, Oil Companies undertaking upstream activities, EWURA, TBS, WMA, TPA, NEMC, TRA, and other Government Agencies. During the year 2023/24, the Agency maintained good relationships with these stakeholders as in the previous year.

2.25 POLITICAL AND CHARITABLE CONTRIBUTION

PBPA played a positive role in the community by considering environmental and social impacts on its operations. During the year 2023/24, the Agency contributed a sum of TZS 15 million to the charitable and social communities. In 2022/23, no political and/or charitable contributions were made.

2.26 PREJUDICIAL ISSUES

For the year under review, the Agency has no prejudicial issues that impact the fulfilment of its objectives.

2.27 RISK MANAGEMENT AND INTERNAL CONTROL

2.27.1 Risk management and controls

The Board of Directors assume final responsibility for the risk management and internal control system of PBPA. It is the task of the Management to ensure that adequate internal financial and operational control systems are developed, improved

and maintained on an ongoing basis to provide reasonable assurance regarding the effectiveness of risk management, controls and governance processes.

i. Risk Management

PBPA developed a Risk Management Framework that provides practical guidance and consistent application of risk management practices for identifying, evaluating, managing and monitoring all significant risks. During the year under review, the Risks Register was updated. Further significant risks identified include strategic, operational, financial and regulatory risks.

PBPA continues to monitor its risk exposure by embedding risk management practices into operations, planning, budgeting and other management practices.

ii. Internal Controls

PBPA has policies, procedures, and systems in place that have been designed to provide reasonable assurance of the integrity and reliability of its financial statements and to protect, verify, and maintain adequate accountability for its assets. These internal controls are implemented by qualified and trained personnel within a system characterised by checks and balances. The effectiveness of internal controls is monitored by the PBPA's management and the Internal Audit Unit. All significant findings are reported to the Management and Audit Committee of PBPA. PBPA and the internal audit unit are unaware of any material breakdown in the functioning of these internal controls and systems for the period under review.

2.28 CAPITAL STRUCTURE OF PBPA

PBPA is a Government agency established under Establishment Order GN NO 423 of 2015 under the Executive Agencies Act Cap.245, vested with the mandate of coordinating and managing the efficient procurement of petroleum products through a bulk procurement system. This mandate emanates from the Petroleum Act NO. 21 of 2015 and is operationalised by the Petroleum Bulk Procurement Regulations, GN 198 of 2017.

The capital structure (Net Assets) of PBPA as of 30 June 2024 was TZS 35,427,376,707, compared to TZS 33,795,467,010 in the previous financial year 2022/23, which reported an increase of TZS 1,631,909,697.

2.29 SOLVENCY

Since its establishment, the Agency has managed to finance its operations through sources specified under the Establishment Order. Based on its financial position as of 30 June 2024, as set in these financial statements and the Notes thereon, management considers the agency to be solvent.

2.30 STATEMENT OF COMPLIANCE

PBPA financial statements comply with the International Public Sector Accounting Standards (IPSAS). The financial statements have been prepared on a going-concern basis. Moreover, the financial Statements have been prepared in accordance with

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Public Finance Act CAP 348, [R.E. 2020] Circulars, and Guidelines issued by the Accountant General's Department.

2.31 AUDIT MANDATE

The Controller and Auditor General (CAG) is the Statutory Auditor of the Petroleum Upstream Regulatory Authority by virtue of Article 143 of the Constitution of the United Republic of Tanzania (URT) as amplified in the Public Audit Act, Cap. 418 [R.E. 2021] and Section 232 of the Petroleum Act, 2015

2.32 APPROVAL

The report by those charged with governance of the Agency was approved and signed by the Chief Executive officer of those charged with governance.



Erasto M. Simon

Executive Director

Date:

3.0 STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management of the Agency, which is charged with the 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 of 30 June 2024 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 2024.

Management is also responsible for such internal control as it determines 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 in conformity with IPSASs. The management is of the opinion that the financial statements give a true and fair view of the state of the agency's financial affairs and 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.

Management has assessed the agency's ability to continue as a going concern and has no reason to believe it will not be a going concern in the year ahead.

Approval of annual financial statements

The Petroleum Bulk Procurement Agency's annual financial statements, as identified in the first paragraph, were approved by the Executive Director on 30 August 2024.



Erasto M. Simon

Executive Director

Date:

4.0 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 by a Statement of Declaration issued by the Head of Finance/Accounting responsible for preparing the entity's financial statements.

It is the duty of a professional accountant to assist the management in discharging the responsibility of preparing financial statements of an entity showing a true and fair view of the 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**, head of Finance at the Petroleum Bulk Procurement Agency, hereby acknowledge my responsibility to ensure that the financial statements for the period ended 30 June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

Thus, I confirm that the financial statements comply with applicable accounting standards and statutory requirements as of that date and 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:

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	2023/24 TZS	2022/23 TZS
ASSETS			
Current Asset			
Cash and Cash Equivalents	62	13,687,365,935	16,309,813,231
Receivables	67	26,009,520,984	20,900,961,857
Prepayments	69	47,732,377	64,413,150
Total Current Asset		39,744,619,295	37,275,188,237
Non-Current Asset			
Property, Plant, and Equipment	77	2,421,819,407	1,733,763,466
Intangible Assets	78	1,103,011,385	456,924,918
Total Non-Current Asset		3,524,830,792	2,190,688,384
TOTAL ASSETS		43,269,450,087	39,465,876,620
LIABILITIES			
Current Liabilities			
Payables and Accruals	89	10,407,226	58,147,955
Deposits	94	7,831,666,153	5,612,261,655
Total Current Liabilities		7,842,073,380	5,670,409,610
TOTAL LIABILITIES		7,842,073,380	5,670,409,610
Net Assets		35,427,376,707	33,795,467,010
NET ASSETS/EQUITY			
Capital Contributed by:			
Taxpayers Fund		925,696,510	925,696,510
Accumulated Surpluses		34,501,680,198	32,869,770,501
TOTAL NET ASSETS		35,427,376,707	33,795,467,010


Erasto M. Simon

Executive Director

Date:

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STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2024

		2023/24	2022/23
	Note	TZS	TZS
REVENUE			
Revenue:			
Fees, Fines, Penalties and Forfeits	19	8,633,461,859	8,690,247,590
Expected Credit Loss - reduction	24	9,960,458	0
Gain on Foreign Currency Translation	27	3,331,080,042	275,835,322
Other Revenue	31	6,487,369,040	5,091,238,779
Total Revenue		18,461,871,399	14,057,321,691
TOTAL REVENUE		18,461,871,399	14,057,321,691
EXPENSES AND TRANSFERS			
Expenses:			
Wages, Salaries and Employee Benefits	34	4,147,333,421	3,602,992,230
Use of Goods and Service	35	8,186,582,920	5,573,717,035
Maintenance Expenses	36	121,353,173	357,065,368
Other Expenses	52	366,377,995	454,965,126
Provision for Bad Debts	54	3,528,347,229	
Expected Credit Loss	92		183,049,063
Depreciation of Property, Plant and Equipment	77	271,684,619	470,567,592
Amortization of Intangible Asset	78	28,282,343	0
Total Expenses		16,649,961,700	10,642,356,414
Transfer			
Other Transfers	60	180,000,000	172,000,000
Total Transfer		180,000,000	172,000,000
TOTAL EXPENSES AND TRANSFERS		16,829,961,700	10,814,356,414
Surplus for the period		1,631,909,697	3,242,965,278


Erasto M. Simon

Executive Director

Date:

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CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Note	2023/24 TZS	2022/23 TZS
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Increase in Deposit	61	2,219,404,498	1,120,684,245
Revenue	32	6,483,924,543	12,112,471,755
Total Receipts		8,703,329,041	13,233,156,000
PAYMENTS			
Wages, Salaries and Employee Benefits	38	4,138,765,655	3,718,607,070
Use of Goods and Service	35	8,226,210,642	5,557,514,178
Other Transfers	60	180,000,000	172,000,000
Other Expenses	52	366,377,995	454,965,126
Maintenance Expenses	36	121,353,174	357,065,368
Total Payments		13,032,707,466	10,260,151,742
NET CASH FLOW (USED IN) / GENERATED FROM OPERATING ACTIVITIES		-4,329,378,425	2,973,004,259
CASH FLOW FROM INVESTING ACTIVITIES;			
Investing Activities			
Acquisition of Property, Plant and Equipment	77	-959,740,560	-1,069,280,879
Acquisition of Intangible Asset	78	-674,368,811	-400,464,350
Total Investing Activities		-1,634,109,371	-1,469,745,229
NET CASH FLOW USED IN INVESTING ACTIVITIES		-1,634,109,371	-1,469,745,229
CASH FLOW FROM FINANCING ACTIVITIES			
Financing Activities			
Receipts from Sales of Government Assets		0	0
Total Financing Activities		0	0
NET CASH FLOW FROM FINANCING ACTIVITIES		0	0
Net cash Increase		-5,963,487,796	1,503,259,030
Effect of Foreign Currency Changes		3,331,080,042	275,835,322
Cash and cash equivalent at beginning of period		16,492,862,293	14,713,767,941
Cash and cash equivalent at end of period		13,860,454,539	16,492,862,293


Erasto M. Simon

Executive Director

Date:

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024			
	Tax Payer's Fund	Accum. Surplus/(Deficit)	Total
	TZS	TZS	TZS
Opening Balance as of 01 Jul 2023	925,696,510	32,869,770,501	33,795,467,010
Surplus for the Year	0	1,631,909,697	1,631,909,697
Closing Balance as at 30 Jun 2024	925,696,510	34,501,680,198	35,427,376,707
Opening Balance as of 01 Jul 2022	925,696,510	29,626,805,223	30,552,501,732
Surplus for the Year	0	3,242,965,278	3,242,965,278
Closing Balance as at 30 Jun 2023	925,696,510	32,869,770,501	33,795,467,010


Erasto M. Simon

Executive Director

Date:

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2024						
Both Annual Budget and Financial Statements Adopt an Accrual Basis						
Actual 2022/23	Original Budget 2023/24	Final Budget 2023/24 (A)	Actual Amount on Comparison Basis 2023/24(B)	Different Final Budget and Actual (A-B)	Percentage	
TZS	TZS	TZS	TZS	TZS		
REVENUE						
Revenue from non-exchange transactions						
New OMCs Joining Fees	110,000,000	110,000,000	65,000,000	(45,000,000)	41%	
Other Incomes	2,316,269,472	2,316,269,472		(2,316,269,472)	100%	
Penalties	7,440,000,000	7,440,000,000	8,568,461,859	1,128,461,859	15%	
Total revenue from non-exchange transactions	9,866,269,472	9,866,269,472	8,633,461,859	(1,232,807,613)	12%	
Revenue from exchange transactions						
Contributions Income	4,352,341,500	4,352,341,500	4,006,478,423	(345,863,077)	08%	
Tender Documents	1,657,192,860	1,657,192,860	2,151,329,850	494,136,990	30%	
Prequalification Documents	200,000,000	200,000,000	329,560,767	129,560,767	65%	
Total revenue from exchange transactions	6,209,534,360	6,209,534,360	6,487,369,040	277,834,680	04%	
Other Gain/(Loss)						
Other Gain/(Loss) of Foreign Exchange			3,331,080,042	3,331,080,042		
Fair value Gains on Assets and Liabilities (ECL)			9,960,458	9,960,458		
Subtotal Total revenue	16,075,803,832	16,075,803,832	18,461,871,399	2,386,067,567	15%	

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14,057,321,692	Total Revenue	16,075,803,832	16,075,803,832	18,461,871,399	2,386,067,567	15%
	EXPENSES		-			
3,602,992,230	Employment Costs	4,000,023,000	4,000,023,000	4,147,333,421	(147,310,421)	04%
6,314,747,529	Administrative Costs/Other Charges (OC)	9,365,833,860	9,365,833,860	8,594,484,088	771,349,772	08%
172,000,000	Transfer to Treasury	180,000,000	180,000,000	180,000,000	0	
71,000,000	Audit fees	71,000,000	71,000,000	79,830,000	(8,830,000)	-12%
470,567,592	Depreciation & Amortisation	-	-	299,966,962		
10,631,307,351	Sub Total Expenses	13,616,856,860	13,616,856,860	13,301,614,471	315,242,388	2%
183,049,063	Provision for Bad and Doubtful Debts/ECL			3,528,347,229		
10,814,356,414	Total Expenditure	13,616,856,860	13,616,856,860	16,829,961,700	615,209,351	25%
3,242,965,278	Surplus/(Deficit) for the period	2,458,946,972	2,458,946,972	1,631,909,699		



Erasto M. Simon
Executive Director
Date:

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 Agency's financial statements are for the period ended 30 June 2024.

The address of the office is as follows:

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

1.2 ESTABLISHMENT AND PRINCIPAL ACTIVITIES

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. It is vested with the mandate of coordinating and managing the efficient procurement of petroleum products through a bulk procurement system. This mandate emanates from the Petroleum Act NO. 21 of 2015 and is operationalised 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 to achieve the following general activities:

- c) Administer and manage the demand and requirements for petroleum products.
- d) Ensure effective and efficient coordination of procurement and delivery of bulk petroleum products.

1.3 Authorisation Date

The Petroleum Bulk Procurement Agency (PBPA) 's financial statements for the year ended 30 June 2024 were submitted for audit to the Controller and Auditor General on 30 August 2024. The authorised date for issuing Financial Statements to the Public is after receiving an opinion from the Controller and Auditor General and tabled to the Parliament.

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, Regulation 8 of The Petroleum Bulk Procurement Regulations, 2015 GN 508 with amendments in GN 198 of 2017 as amended in 2024 and **Public Finance Act as amended**.

2.2 Summary of Significant Accounting Policies

PBPA Financial Statements are prepared and presented in compliance with accrual basis IPSASs. The significant accounting policies outlined below have been consistently applied throughout the year.

2.3 Basis of Measurements

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through surplus or deficit measured at fair value. The statement of cash flows is prepared using the direct method.

2.4 Going concern

The Executive Director, as the Agency's Accounting Officer, reasonably expects that the Agency has adequate resources to continue operating for the foreseeable future. Therefore, the Agency continues to apply the going concern basis in preparing its annual financial statements.

2.5 Use of Estimates and Judgements

Preparing financial statements in conformity with IPSASs requires management to make judgments, 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 continuously and accounted for prospectively.

2.6 REPORTING PERIOD

The reporting period for these financial statements is the financial year of the Agency which runs from 1 July 2023 to 30 June 2024.

2.7 NEW STANDARDS ON ISSUE NOT YET ADOPTED BY THE AGENCY

Newly issued Standards by the International Public Sector Accounting Standards Board (IPSASB) include:

2.7.1 IPSAS 43 - Leases

IPSAS 43 Leases contains a model that requires a single classification model for lessees. IPSAS 43 introduces a right-of-use model that will replace the risks and rewards incidental to the ownership model in IPSAS 13 Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to the ownership model in IPSAS 13. IPSAS 43 has an effective date of 1 January 2025, with earlier application permitted.

2.7.2 IPSAS 44 - Assets held for sale and discontinued operations

IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. The new standard includes additional public sector requirements, particularly the disclosure of the fair value of assets held for sale measured at their carrying amounts when the carrying amount is materially lower than their fair value. IPSAS 44 has an effective date of 1 January 2025, with earlier application permitted.

2.7.3 IPSAS 45 - Property, Plant and Equipment

IPSAS 45 replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognised and measured. The effective date of IPSAS 45 is January 2025, with earlier application permitted.

2.7.4 IPSAS 46: Measurement

The IPSASB-approved IPSAS 46, Measurement, which brings measurement guidance together in a single standard, introduces a public sector-specific current value measurement basis for assets held for their operational capacity and provides additional generic guidance on fair value. This completes the initial phase of the measurement project; now, the IPSASB will consider the broader impact of this new guidance across IPSAS in the ongoing Measurement - Application Phase project. IPSAS 46 will be effective for periods beginning on or after 1 January 2025 with earlier application permitted.

2.7.5 IPSAS 47 Revenue

The IPSASB approved IPSAS 47, Revenue, a standard for accounting for revenue transactions in the public sector. IPSAS 47 replaces the existing three revenue standards and presents accounting models that will improve financial reporting and support effective public sector financial management. IPSAS 47 will be effective for periods beginning on or after 1 January 2026, with earlier application permitted.

2.7.6 IPSAS 48: Transfer Expenses

The IPSASB approved IPSAS 48, Transfer Expenses, which guides a significant area of expenditure for governments and other public sector entities. IPSAS 48 fills a gap that had previously led to ambiguity and inconsistency in accounting policies in the public sector. IPSAS 48 will be effective for periods beginning on or after 1 January 2026, with earlier application permitted.

3.0 APPLICABLE SIGNIFICANT ACCOUNTING POLICIES FOREIGN CURRENCY TRANSACTIONS

3.1 Functional and Presentation Currency

Items included in the Agency's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS'000), the Agency's functional and presentation currency.

3.2 Transactions and Balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

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 of 30 June 2024 was TZS 2,626.93/USD (TZS2,327.52/USD year 2022/23).

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

3.3 Revenue recognition

3.3.1 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 upon 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.

3.3.2 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 is exposed to the significant risks and rewards associated with rendering the services.

3.4 Property, Plant, and Equipment

3.4.1 Recognition and Measurement

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

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

When parts of an item of property and equipment have different useful lives, they

are accounted for as separate items' significant components of property and equipment.

3.4.2 Depreciation

Depreciation is charged based on the useful life of an asset. It is calculated to allocate the asset's cost, less any estimated residual value, over its remaining useful economic life. Annual depreciation rates are based on the useful life as follows:

Class of asset	Useful life
Office furniture	10 years
Office equipment	10 years
Computers (Desktops, Laptops, Tablets, etc.)	8 years
Motor Vehicles	10 years
Motor Cycles	7 years
Intangible Assets	10 years

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

3.4.3 Estimated Useful Lives

The estimated useful lives of the assets were reviewed by management at the end of the financial year based on the newly approved Public Finance (Property Management Regulations) of 2024

3.4.4 De-recognition

Property, plant, 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 from the de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, which is included in the surplus or deficit when the asset is de-recognized.

3.5 Financial Instruments

A financial instrument is any contract that gives rise to one entity's financial asset and another entity's financial liability or equity instrument.

3.5.1 Financial asset

A financial asset is any asset that is Cash, an equity instrument of another entity, or a contractual right to receive cash or a financial asset from another entity or to exchange financial assets or liabilities under potentially favourable conditions.

3.5.2 Financial liability

A financial liability is any liability that is a contractual obligation to deliver cash or to deliver another financial asset, or to exchange financial assets or liabilities under potentially unfavourable conditions.

3.5.3 Equity Instrument

An equity instrument is any contract evidencing a residual interest in an entity's assets after deducting all liabilities.

3.5.4 Recognition

A financial asset or financial liability shall be recognised in the statement of financial position when and only when an entity becomes a party to the contractual provisions of the instruments.

3.5.5 De-recognition

Financial assets or liabilities shall be derecognised in the statement of financial position when and only when the contractual rights/obligations to the cash flows from the financial asset/ liability expire, are waived, or are transferred.

3.5.6 Classification of Financial Assets

Financial assets are classified as Measured at amortized cost, measured at fair value through net assets, and Measured at Fair value through surplus or deficit (FVTSD). The agency's financial assets are classified under Financial Assets Measured at Amortised Cost because they have passed the cashflow test, where their cash flow is principal and interest, and the Management Modal test, as they are held to collect.

3.5.7 Classification of Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost or financial liabilities at fair value through surplus or deficit. The Agency's financial liability is measured at amortised cost.

3.5.8 Measurement

Measurement - Financial Assets are measured at Amortised Cost.

3.5.8.1 Initial Measurement

It shall be measured at its fair value plus transaction cost, except for short-term receivables, which are measured on their original invoice. The Agency measures the financial assets at their invoice price.

3.5.8.2 Subsequent Measurement

Shall be measured at amortised cost using the effective interest method

3.5.8.3 Measurement of Financial Liabilities Measured at Amortized Cost

3.5.8.4 Initial Measurement

It shall be measured at its fair value minus transaction cost except short-term payables, which are measured on their original invoice. The Agency measures financial liabilities at its invoice price.

3.5.8.5 Subsequent Measurement

Shall be measured at amortised cost using the effective interest method

3.6 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 an insignificant risk of changes in value.

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

3.7 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.

3.8 Taxation

The Agency is empowered by The Petroleum Bulk Procurement Regulation, 2015, published by Government Notice 508, as amended by G.N. No. 40 of 2024 under The Petroleum Act, CAP 392. It has been registered as an Agency under the Ministry of Energy and has 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 them to the Tanzania Revenue Authority (TRA) on time.

3.9 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. Board members and 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 notes in the financial statements. Related party transactions have been reported as Note 4.

3.10 Receivables

Receivables represent amounts due from OMCs, suppliers, staff and other providers of goods and services in the normal course of business.

3.11 Payables

The Agency recognises payables when the service or good has been received but not paid.

3.12 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 the above risks, its objectives, policies, and processes for measuring and managing risk, and its capital management. Further quantitative disclosures are included throughout these financial statements. The Agency's Management is responsible for establishing and overseeing 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. Through its training and management standards and procedures, the Agency 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 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 receivables from customers, including the Oil Marketing Companies 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 the entity 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 sufficient cash and bank balances. The Agency has a policy not to use debt or overdraft facilities.

c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, etc., will affect the Agency's income or the value of holdings in its financial instruments. Market risk management aims 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 denominated in a currency other than its respective functional currency, the Tanzanian Shillings TZS. These transactions are primarily denominated in USD and Tanzanian shillings TZS.

The Agency's 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. Therefore, no currency risk is attached to trade receivables.

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

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 in interest rates due to changes in economic conditions will not have a material impact on the Agency's financial position; therefore, no sensitivity analysis has been presented.

4.0 Related Party Transactions

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

GROUP	2022/23	2023/24	CHANGE
Management	692,000,000	692,000,000	NIL
Ministerial Advisory Board (MAB)	NIL	31,500,000	31,500,000
Total	692,000,000	732,500,000	31,500,000

5.0 Contingent Liabilities and Other Commitments

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

6.0 Cases and or Litigations

In February 2021, one Supplier won a tender to supply petroleum products under BPS for both local and transit. The supplier failed to supply and refused to cancel LCs and return the money advanced by Oil Marketing Companies (OMCs). The matter was

lodged at the International Chamber of Commerce arbitration stage. The case was funded by an en-cashed supplier's bank guarantee and contributions from beneficiaries, such as oil marketing companies (OMCs).

The Arbitral Tribunal rendered its final award in favour of the Claimants after carefully considering the evidence and arguments presented by both parties.

The award was rendered in accordance with Article 36 (6) of the ICC Rules, 2021, which stipulates;

"The arbitral tribunal shall render its final award in writing. The award shall state the reasons it is based unless the parties agree that no reasons will be given. The award shall be final and binding on the parties. The parties undertake to carry out the award without delay and shall ensure that any court or other authority enforces it as a judgment or order."

The Tribunal order was as follows:

- i. The Supplier is to refund OMCS USD 9,710,651.45, which the Purchasers (OMCs) paid to the Supplier.
- ii. The Supplier is to pay the Petroleum Bulk Procurement Agency USD 1,140,048 as penalties for distorting BPS.
- iii. The Supplier is to pay all case costs.

The award of USD 1,140,048 (equivalent to TZS 2,994,824,400) as Distortion Penalties, which is payable to the Agency, has been accrued as revenue for the year 2023/24 and is appearing as revenue and receivables since it has met recognition criteria under Accrual Basis of Accounting.

7.0 Capital Commitments

The Agency had no capital commitments as of 30 June 2024.

8.0 Comparative Figures

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

9.0 Subsequent Events

At the date of signing the financial statements, the Agency Management was not aware of any other matter or circumstance arising since the end of the reporting period not otherwise dealt with in these financial statements that significantly affected the agency's financial position and results of operations.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

10.0 Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT) FOR THE PERIOD ENDED 30 JUNE 2024		
	2023/24	2022/23
	TZS	TZS
Surplus/ Deficit for the Period	1,631,909,697	3,242,965,278
Add/ (Less) Non-Cash Item		
Depreciation of Property, Plant and Equipment	299,966,962	470,567,592
Expected Credit Loss Impairment	3,528,347,229	183,049,063
Fair value Gains on Assets and Liabilities	(9,960,458)	0
Gain on Foreign Currency Translation	(3,331,080,042)	(275,835,322)
Add/ (Less) Change in Working Capital		
Other Receipt	2,219,404,498	1,120,684,245
Payables and Accruals	(47,740,728)	(43,069,539)
Prepayments	16,680,772	(56,342,444)
Receivables	(8,636,906,356)	(1,669,014,614)
Net Cash Flow from Operating Activities	(4,329,378,425)	2,973,004,259

Note: 12 Deposits Payable Age analysis	Balance as at 30 June 2024	0-12 Months	More than 12 Months
Deposit General	TZS	TZS	TZS
Demurrage	349,658,476	39,944,553	309,713,923
Investigation	156,709,682	17,861,319	138,848,363
En-cashed Performance Guarantee	293,525,749	277,844,832	15,680,917
Suppliers Penalties	1,830,350,266	705,585,162	1,124,765,104
Cash Bank Guarantee	615,055,800	527,773,800	87,282,000
Other Deposits In TZS	3,166,925	850,756	2,316,169
Other Deposits In USD	4,386,896,813	500,690,621	3,886,206,192
Government Institutions Fees Collected Payable	196,052,442	196,052,442	-
Un Applied	250,000	250,000	-
	7,831,666,153	2,266,853,485	5,564,812,668

Note 13 - Age Analysis Receivables			
Other Revenue - Receivable	Balance as at 30 June 2024	0-12 Months	More than 12 Months
	TZS	TZS	TZS
Contribution Receivables	464,818,591	464,818,591	0
Penalty Receivable in TZS	4,718,420,968	0	4,718,420,968

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Note 13 - Age Analysis Receivables			
Penalties Receivable in USD	23,034,466,630	5,356,634,797	17,677,831,833
Over and Under delivery Penalties	980,970,025	217,250,769	763,719,255
BPS Distortion	131,346,500	14,970,500	116,376,000
Staff Loan And Advance	720,044,848	720,044,848	0
Security Deposit	48,103,724	48,103,724	0
Alchemist Energy Enc.	542,755,972	0	542,755,972
Supplier's ICC Court Penalty	2,994,824,400	2,994,824,400	0
Provision for bad debt	(7,626,230,674)	(3,528,347,229)	(4,097,883,445)
	26,009,520,984	6,288,300,400	19,721,220,583

Note 69 Prepayments	Balance as at 30 June 2024	0-12 Months	More than 12 Months
	TZS	TZS	TZS
Prepayment - Employee Benefit Expenses			
NHIF Supplementary Scheme	44,406,119	44,406,119	0
Prepayment Consumables			
GPSA- Advance payment Fuel for PBPA Vehicles	3,350,796	3,350,796	0
	47,756,915	47,756,915	0

19 - Fees, Fines, Penalties and Forfeits	2024	2023
	TZS	TZS
Fines, Penalties and Forfeits	8,568,461,859	8,585,247,590
Registration Fees	65,000,000	105,000,000
Revenue	8,633,461,859	8,690,247,590

24 - Fair value Gains on Assets and Liabilities	2024	2023
	TZS	TZS
Reversal of provision for impairment of Cash and Cash Equivalent (ECL)	9,960,458	0
	9,960,458	0

27 - Gain on Foreign Currency Translation	2024	2023
	TZS	TZS
Foreign Exchange differences (Gain) - Monetary	3,331,080,042	275,835,322
	3,331,080,042	275,835,322

31 - Other Revenue	2024	2023
	TZS	TZS
Application fee	329,560,767	120,415,668
Revenue From Commissions	4,006,478,423	3,541,871,883

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Tender Documents	2,151,329,850	1,428,951,229
Revenue	6,487,369,040	5,091,238,779

32 - Receipts from Revenue	2024	2023
	TZS	TZS
Application fee	394,560,766.53	225,415,667.72
Revenue From Commissions, penalties, fees and fines	12,574,940,281.63	12,127,119,472.16
Tender Documents	2,151,329,850.01	1,428,951,229.02
Revenue	15,120,830,898.17	13,781,486,368.90
Add/Less (Change in Working Capital)		
Other Revenue Addition/receivables	(8,636,906,355.89)	(1,669,014,613.53)
Net Change	(8,636,906,355.89)	(1,669,014,613.53)
Receipts from Revenue	6,483,924,542.28	12,112,471,755.37

34 - Wages, Salaries and Employee Benefits	2024	2023
	TZS	TZS
Civil Servants	2,620,543,580	2,571,376,000
Extra-Duty	74,570,000	54,660,000
Field (Practical Allowance)	61,790,000	50,900,000
Housing allowance Expenses	383,400,000	67,200,000
Leave Travel	229,118,000	215,063,000
Court Attire Allowance	5,000,000	-
Fuel Allowance	44,800,000	-
Medical and Dental Refunds	92,600,756	169,796,710
Public Servants Social Security Fund (PSSSF) Employee Expenses	-	356,067,000
Statutory Contributions	635,511,085	117,929,520
Expenses	4,147,333,421	3,602,992,230
Add/Less (Changes in Working Capital)		
Prepayment Employees benefits Expenses	(9,643,881)	54,050,000
Staff Claims Additions	1,076,115	61,564,840
	(8,567,766)	115,614,840
Payment	4,138,765,655	3,718,607,070

35 - Use of Goods and Service	2024	2023
	TZS	TZS
Advertising and publication	102,957,910	44,661,972
Advertising and Publication - Communication & Information	58,570,000	-
Air Travel Tickets Training - Domestic	33,326,600	26,540,000
Air Travel Tickets Training - Foreign	40,663,281	28,395,840
Air Travel Tickets Travel - In-Country	172,774,900	99,946,712

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Air Travel Tickets Travel Out of Country	87,653,883	100,548,416
Books, Reference and Periodicals	300,000	7,091,250
Catering Services	-	973,500
Outfit Allowance		2,990,000
Electricity Allowance	34,400,999	-
Furniture Expenses	119,000,000	-
Hardship Allowance	311,875,000	229,879,937
Honoraria	116,670,000	132,000,000
Sitting Allowance	265,652,956	307,064,298
Special Allowance	57,600,000	-
Transport Allowance	328,100,000	168,610,718
Water Allowance	28,500,000	-
Computer Software - Use of goods and Services	6,259,447	-
Computer Supplies and Accessories	12,629,976	3,000,000
Conference Facilities	134,399,600	116,406,754
Diesel	149,132,811	130,923,319
Electricity - Utilities Supplies and Services	30,466,618	30,434,111
Entertainment - Hospitality Supplies and Services	158,306,620	105,546,776
Food and Refreshments	160,323,414	105,342,199
Ground Transport (Bus, Train, Water)	2,000,000	13,080,000
Ground travel (bus, railway taxi, etc.) Travel - In - Country	198,387,642	147,903,670
Health Insurance Training - Foreign	2,000,000	-
Internet and Email connections	106,633,803	99,533,800
Mobile Charges	62,976,400	60,000,000
Newspapers and Magazines	3,656,400	1,027,400
Office Consumables (papers, pencils, pens and stationaries)	200,719,521	174,811,464
Outsourcing Costs (includes cleaning and security services)	18,712,480	60,982,852
Per Diem - Domestic	2,637,959,541	1,709,156,022
Per Diem - Foreign	1,034,538,866	755,582,063
Posts and Telegraphs	-	240,000
Printing and Photocopy paper	31,191,000	-
Printing and Photocopying Costs	44,470,200	102,583,091
Production and Printing of Training Materials	-	3,600,000
Protective Clothing, footwear and gears	13,560,694	34,550,000
Publicity	27,050,000	30,390,000
Remuneration of Instructors	8,100,000	10,950,000
Rent - Office Accommodation	618,613,862	423,524,040
Small engineering tools and equipment	-	160,000
Special Foods (diet food)	-	4,500,000
Subscription Fees	453,879,906	94,993,644
Telephone Charges (Land Lines)	5,340,798	36,000,000
Training Allowances	16,730,000	38,584,778
Tuition Fees Training - Domestic	285,094,483	119,010,010
Tuition Fees Training - Foreign	-	12,000,000
Visa Application Fees	5,403,310	198,400
Expenses	8,186,582,920	5,573,717,035

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Add/Less (Change in Working Capital)		
Prepayment Consumables	(7,036,891)	2,292,444
Supplies of goods and services in Addition	(10,460,817)	-
Withholding tax	53,591	-
Withholding Tax Payable Addition	57,071,840	(18,495,301)
	39,627,722	(16,202,857)
Payment	8,226,210,642	5,557,514,178

36 - Maintenance Expenses	2024	2023
	TZS	TZS
Computers, printers, scanners, and other computer-related equipment	19,820,879	117,839,804
Motor Vehicles and Water Craft	46,771,514	176,118,568
Outsource maintenance contract services - Machinery, Equipment, and Plant	26,534,095	24,000,000
Outsource maintenance contract services - Office Equipment and Appliances.	-	38,856,995
Outsource maintenance contract services - Vehicles and Transportation Equipment.	-	250,000
Repair and Maintenance of Furniture	28,226,686	-
Expenses	121,353,173	357,065,368

52 - Other Expenses	2024	2023
	TZS	TZS
Audit fees Expenses	79,830,000	71,000,000
Audit supervision expenses	22,970,000	135,407,425
Bank Charges and Commissions	5,750,005	3,244,851
Burial Expenses	20,000,000	4,959,291
consultancy fees	115,908,651	46,854,891
Contingencies Item	49,225,000	-
Director's Fee	20,300,000	50,738,623
Legal fees Expenses	15,000,000	4,880,415
Parking Expenses	6,119,684	46,194,544
Sundry Expenses	31,274,655	91,685,086
Expenses	366,377,995	454,965,126

54 - Provision for Bad Debt	2024	2023
	TZS	TZS
Provision for Bad Debt-Receivables	3,528,347,229	-

60 - Other Transfers	2024	2023
	TZS	TZS
Contribution to CF (15%)	180,000,000	172,000,000
Expenses	180,000,000	172,000,000

Note 61: Receipts from Deposits	2024	2023
	TZS	TZS
Opening Deposit	5,612,261,655	4,491,577,410

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Closing Deposit	7,831,666,153	5,612,261,655
Receipts from Deposits	(2,219,404,498)	(1,120,684,245)

62 - Cash and Cash Equivalents	2024	2023
	TZS	TZS
BOT Own source Collection Account	633,092,614	226,050,680
Deposit Account USD	6,757,919,595	7,253,121,538
Deposit Cash Account	253,916,239	309,146,415
Development Revenue Account	0	115,275,246
Own source Collection Account -CRDB	4,716,380	309,533,441
Own source Recurrent Expenditure GF	410,622,928	436,729,001
USD BOT Collection Account	5,206,500,603	7,784,817,973
USD Commercial Collection Account-Expenditure Account	593,686,180	58,188,000
Total Cash and Cash Equivalents before impairment for ECL	13,860,454,539	16,492,862,293
Provision for ECL (Note 92)	(173,088,605)	(183,049,063)
Net present value of Cash and Cash Equivalents after impairment for ECL	13,687,365,935	16,309,813,231

Note 67 - Receivables	2024	2023
Other Revenue - Receivables	TZS	TZS
Contribution Receivables	464,818,591	419,080,471
Penalty Receivables in TZS	620,537,523	844,782,744
Penalty Receivables in USD	19,506,119,401	17,628,445,024
Over and Under delivery Penalties	980,970,025	699,386,590
BPS Distortion	131,346,500	116,376,000
Staff Loan and Advance	720,044,848	310,208,260
Advance GPSA	0	24,496,520
Security Deposit	48,103,724	43,305,236
Alchemist Energy Enc.	542,755,972	814,881,012
Supplier's ICC court penalty	2,994,824,400	0
Total Receivables net of provision	26,009,520,984	20,900,961,857

Workings for Penalty Receivables	2024	2023
	TZS	TZS
Penalty Receivables in TZS	4,718,420,968	4,942,666,189
Less Provisions for Bad Debt in TZS	(4,097,883,445)	(4,097,883,445)
	620,537,523	844,782,744
Penalty Receivables in USD	23,034,466,630	17,628,445,024
Less Provisions for Bad Debt in USD	(3,528,347,229)	0
	19,506,119,401	17,628,445,024

69 - Prepayments	2024	2023
Prepayment - Employee Benefit Expenses	TZS	TZS
NHIF Supplementary Scheme	44,406,119	54,050,000
Prepayment Consumables		

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GPSA- Advance payment Fuel for PBPA Vehicles	3,326,258	10,363,150
Total	47,732,377	64,413,150

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Note 77 - (a) PPE Movement Schedule as at 30 June 2024

Financial Year	Office equipment	Office Furniture and Fittings	Motor vehicles	Motorbikes and bicycles	Total
2023/24	TZS	TZS	TZS	TZS	TZS
COST					
As at 01 July 2023	1,069,106,074.00	299,732,871	1,828,939,091	9,500,000	3,207,278,036
Additions Monetary	773,329,904.00	186,410,656			959,740,560
As at 30 June 2024	1,842,435,978.00	486,143,527	1,828,939,091	9,500,000	4,167,018,596
DEPRECIATION					0
As at 01 July 2023	500,494,861.00	93,741,799	874,224,578	5,053,333	1,473,514,571
Charge for the year	107,634,675.00	31,189,409	131,940,535	920,000	271,684,619
As at 30 June 2024	608,129,536.00	124,931,208	1,006,165,113	5,973,333	1,745,199,190
Net Carrying Value 30 June 2024	1,234,306,442.00	361,212,319	822,773,978	3,526,667	2,421,819,406

Financial Year	Office equipment	Office Furniture and Fittings	Motor vehicles	Motorbikes and bicycles	Total
2022/23	TZS	TZS	TZS	TZS	TZS
COST					
As at 01 July 2022	809,637,311.00	100,522,911	1,218,336,935	9,500,000	2,137,997,157
Additions	259,468,763.00	199,209,960	610,602,155		1,069,280,878
As at 30 June 2023	1,069,106,074.00	299,732,871	1,828,939,090	9,500,000	3,207,278,035
DEPRECIATION			0		
As at 01 July 2022	328,959,622.00	61,735,091	608,358,933	3,893,333	1,002,946,979
Charge for the year	171,535,239.00	32,006,708	265,865,645	1,160,000	470,567,592
As at 30 June 2023	500,494,861.00	93,741,799	874,224,578	5,053,333	1,473,514,571
Net Book Value 30 June 2023	568,611,213.00	205,991,072	954,714,512	4,446,667	1,733,763,464

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78 - Intangible Assets									
Descriptions	Cost as at 01-July-2023	Transfers Monetary assets (from WIP)	Addition - Monetary	Total Additions	30-Jun-2024	Amortization as at 01-Jul-2023	Charge during the year - Amortization	30-June-2024	Carrying Value
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Computer Software	0	456,924,918	674,368,811	1,131,293,729	1,131,293,729	0	28,282,343	28,282,343	1,103,011,385
TOTAL	0	456,924,918	674,368,811	1,131,293,729	1,131,293,729	0	28,282,343	28,282,343	1,103,011,385

79 -WIP - Intangible Assets					
Descriptions	Cost as at 01-July-2023	Addition - Monetary	Total WIP before transferred to Intangible Asset	Transfers Monetary assets Intangible Assets	Carrying Value as at 30 June 2024
Other Intangible Assets WIP	456,924,918	674,368,811	1,131,293,729	(1,131,293,729)	0
TOTAL	456,924,918	674,368,811	1,131,293,729	(1,131,293,729)	0

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Note 89 - Accounts payables and Other Accruals	2024	2023
	TZS	TZS
Payables Related to Employment		
WCF Payable		1,076,115
Sub-total Payables related to Employment		1,076,115
Payables related to use of goods and services		
Withholding Tax	(53,591)	(68,211)
Airtime -Mobile phone	6,280,000	
Internet Connectivity	1,275,000	765,000
Rent charges payable		22,058,374
Service Charges payable		590,323
Parking Fees Payable		22,488,629
Electricity Payable	2,905,817	11,237,743
Email Hosting Payable		(17)
Subtotal Payables related to the use of goods and services	10,407,226	57,071,841
Total Accounts Payables and Other Accruals	10,407,226	58,147,956

87 - Provision for Bad Debt Receivables	2024	2023
	TZS	TZS
Provision for Bad Debt **	7,626,255,212	4,097,907,983

**The provisions for bad debts amounting to TZS 4,097,907,983 were provided in the financial year 2018/19. An additional provision of TZS 3,528,347,229 has been provided for in the financial year 2023/24 due to some OMCs who failed to honour their obligation. The possibility of recovery has been remote, and EWURA has revoked the business licenses. Legal proceedings have commenced to recover from defaulters.

NAME	NATURE CURRENCY	AS AT 30 JUNE 2023	ADDITIONAL 2023/4	BALANCE AS AT 30 JUNE 2024
		TZS	TZS	TZS
Delta Petroleum TZ Ltd	TZS	788,028,748		788,028,748
East African Fossils Co. Ltd	TZS	1,191,000,000		1,191,000,000
KOBIL TZ Ltd	TZS	110,381,254		110,381,254
MAFCO Oil Limited	TZS	683,000,000		683,000,000
Olympic Energy Ltd	TZS	47,190,616		47,190,616
Shire Petroleum TZ Ltd	TZS	183,000,000		183,000,000
TSN Oil TZ Ltd	TZS	748,307,365		748,307,365
SGC Exports	TZS	229,000,000		229,000,000
Shigongo Oil Company Ltd	TZS	118,000,000		118,000,000
Mogas Tanzania	USD		592,517,138	592,517,138
Kobil Tanzania	USD		1,970,198	1,970,198
Mogas Tanzania	USD		2,623,890,310	2,623,890,310
Ukod International	USD		2,470,256	2,470,256

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NAME	NATURE CURRENCY	AS AT 30 JUNE 2023	ADDITIONAL 2023/4	BALANCE AS AT 30 JUNE 2024
Global Oil Tanzania	USD		307,499,328	307,499,328
Total Provision for Bad Debts		4,097,907,983	3,528,347,229	7,626,255,212

Note 92 Provision for Expected Credit Loss - Cash& Cash Equivalent	2024	2023
	TZS	TZS
Provision for ECL (Cash)	173,088,605	183,049,063

Financial Year	Account Identifier	Bank Name	Workings for ECL					Expected Credit Loss (ECL) in a year	Adjusted cash Balance	ECL TO BE CHARGED IN THE YEAR
			Rating Agency	Score by the accredited Rating Agency	Cash (EAD) Commercial Bank	Balance at	PD as per Bank Rating (%)	LGD (%)		
						TZS		TZS	TZS	TZS
2022/23	Various Accounts	CRDB BANK	Moodys	b2	8,481,993,641	2.16%	99.91%	183,049,063	8,298,944,578	(183,049,063)
2023/24	Various Accounts	CRDB BANK	Moodys	b2	8,020,861,322	2.16%	99.91%	173,088,605	7,847,772,717	9,960,458

**** The maximum amount which can be recovered in case the bank is bankrupt is TZS 7,500,000. LGD% is the percentage expected to be recovered out of the total deposits in the bank which is Expected at Default (EAD)

Note 94 - Deposits	2024	2023
Deposit General	TZS	TZS
Demurrage	349,658,476	309,713,923
Investigation	156,709,682	138,848,363
En-cashed Performance Guarantee	293,525,749	15,680,917
Suppliers Penalties	1,830,350,266	1,124,765,104
Cash Bank Guarantee	615,055,800	87,282,000
Other Deposits In TZS	3,166,925	2,316,169
Other Deposits In USD	4,386,896,813	3,886,206,192
Government Institutions Fees Collected Payable	196,052,442	47,448,987
Un applied Deposit	250,000	
	7,831,666,153	5,612,261,655

Note 95 List of transactions/balances with other government entities for the year ended 30 June 2024

No.	Name	DESCRIPTION	June 30,24	June 30,24
1	Government Procurement Services Agency	Fees to PBPA	609,902.00	-
2	Government Procurement Services Agency	Prepayment paid for fuel	3,350,795.60	34,859,669.60

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No.	Name	DESCRIPTION	June 30,24	June 30,24
3	National Health Insurance Fund	Contribution to medical services	44,406,119.00	54,050,000.00
4	Public Social Security Fund	Rent Security Deposit	6,003,283.20	6,003,283.20
5	TANOIL Investments	Fees to PBPA	2,042,498,857.18	1,809,700,444.25
6	Tanzania Petroleum Development Corporation	Fees to PBPA	143,511,445.07	127,154,419.28
7	Workers Compensation Fund	Contribution	-	1,076,115.00
8	Tanzania Port Authority	Rent Charges Payable	-	22,058,373.86
9	Public Social Security Fund	Services Charge Payable	-	590,322.83
10	Tanzania Port Authority	Rent Payable	-	22,488,628.80
11	Public Social Security Fund	Electricity Charge Payable	-	89,108.76
12	Tanzania Port Authority	Electricity Charge Payable	2,905,816.54	11,148,634.00
		TOTAL	2,243,286,218.59	2,089,218,999.58

96 JOURNAL ENTRIES: CORRECTION OF ERRORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Debit (TZS)	Credit (TZS)
Cash and Cash Equivalents		183,049,063
Accumulated Surplus	183,049,063	
Reason: The amount recognised as expenses (Expected Credit Loss to cash at CRDB Bank- a commercial bank) at the end of 2022/23 FY, hence the reduction of Accumulated Surplus and Cash and Cash Equivalent balance		