



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



PETROLEUM UPSTREAM REGULATORY AUTHORITY

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

Controller and Auditor General,
National Audit Office,
Audit House,
Mahakama Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200-9
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

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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

ACPA	Associate Certified Public Accountant
AIDS	acquired immunodeficiency syndrome
AR	Audit Report
AWPB	Annual Work Plan and Budget
BCF	Billion Cubic Feet
CAG	Controller and Auditor General
CPA	Certified Public Accountant
CPSP	Certified Procurement and Supply Professional
DMI	Dar Marine Institute
eGa	e - Government Agency
EWURA	Energy and Water Utilities Regulatory Authority.
FCCA	Fellow Member of Association of Chartered Certified Accountants
FCPA	Fellow Certified Public Accountant
GPSA	Government Procurement Services Agency
HIV	human immunodeficiency virus
HSE	Health, Safety, and Environment
ICT	Information & Communication Technology
IECs.	International Electrotechnical Commission
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
KPI's	Key Performance Indicators
LLB	Bachelor of Laws
LLM	Master of Laws
LNG	Liquefied Natural Gas
NBAA	National Board of Accountants and Auditors
NEEC	National Economic Empowerment Council
NHIF	National Health Insurance Fund
OSHA	Occupational Safety and Health Authority
PA	Public Authority
PhD	Doctor of Philosophy
PSA	Production Sharing Agreement
PSSSF	Public Service Social Security Fund
PURA	Petroleum Upstream Regulatory Authority
TANESCO	Tanzania Electric Supply Company Limited
TCF	Trillion Cubic Feet
TPDC	Tanzania Petroleum Development Corporation
TZS	Tanzania Shillings
UDSM	University of Dar Es Salaam
UPS	Uninterruptible power supplies
USD	United states Dollar

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Petroleum Upstream Regulatory Authority (PURA),
Samora Avenue/ Ohio Street,
P.O. Box 11884,
Dar es Salaam, Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Petroleum Upstream Regulatory Authority (PURA), which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Petroleum Upstream Regulatory Authority (PURA) as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Petroleum Upstream Regulatory Authority (PURA) 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. These matters were addressed in the context of my audit of financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

No.	Key audit matter	How my audit addressed the key audit matter
i)	Adoption of IPSAS 41	
	<p>PURA adopted IPSAS 41 for the first time during the year. The introduction of IPSAS 41 substantially modified IPSAS 29 by classifying financial assets and liabilities through a principle-based model. The standard was released for the first time in 2018 and has become applicable with effect from 1 January 2023 whereby PURA is applying it for the first time in the financial period ended 30 June 2024. The standard provides a single forward-looking model that eliminates the threshold for impairment recognition. It is no longer necessary for a trigger event to occur prior to recognizing a credit loss. Thus, IPSAS 41 requires recognizing ECLs from day one and all times.</p> <p>The impact of introducing IPSAS 41 is the emergence of Expected credit loss /gain in the Financial Statements by having different figures reported in the Statement of Financial Position, statement of performance, and the Statement of Cash flows with Exposure at Default (EAD) (Balance) at the end of the financial year.</p>	<p>My audit procedures in this area included, among others:</p> <p>I understand the classification and measurement requirements for financial instruments under IPSAS 41 (<i>amortized cost, fair value through surplus or deficit, and fair value through net assets/equity</i>).</p> <p>i) I reviewed the Transition Adjustments as follows:</p> <ul style="list-style-type: none"> i. I reviewed the entity's transitional provisions for IPSAS 41 adoption. ii. I ensure any adjustments to opening balances are appropriately accounted for in accordance with IPSAS 41. iii. I assess whether comparative information has been restated or a reconciliation of previous figures under IPSAS 29 to IPSAS 41 has been provided, as required by the standard. <p>ii) I evaluated and tested the authority's implementation of the ECL model for impairment, including:</p> <ul style="list-style-type: none"> i. Assessment of historical data and forward-looking information. ii. Accuracy of inputs and assumptions used in the model. iii. I reconciled the financial statements prepared under the previous IPSAS 29 to IPSAS 41 to ensure the accuracy of transitional adjustments. <p>Discuss findings, and areas requiring adjustments.</p>



Other Information

Management is responsible for the other information. The other information comprises the Report by those charged with governance, statement of responsibility by those charged by governance, Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 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 LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on the procurement of works, goods, and services in the Petroleum Upstream Regulatory Authority (PURA) 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 Petroleum Upstream Regulatory Authority (PURA), 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 Petroleum Upstream Regulatory Authority (PURA) 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, Budget formulation and execution of Petroleum Upstream Regulatory Authority (PURA), 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 REPORT BY THOSE CHARGED WITH GOVERNANCE

PREAMBLE

In compliance with the Tanzania Financial Reporting Standard (TFRS) No. 1 issued by the National Board of Accountants and Auditors of Tanzania (NBAA) in June 2020 and became effective on 1 January 2021, the Board of Directors present the “Report by Those Charged with Governance” along with the Financial Statements of the Petroleum Upstream Regulatory Authority (hereto referred as “PURA” or “the Authority”) for the year ended 30 June 2024.

The Report by Those Charged with Governance that has been prepared by the PURA Board of Directors discloses material information about the Authority’s operations, financial performance, strategies and budget implementation that will enable primary users and other stakeholders of PURA to understand future prospects of the Authority. Considering the aforementioned disclosures and accompanying financial statements, the PURA Board is confident that PURA stakeholders will be in a position of making informed decisions based on their interest with the Authority.

2.1 ESTABLISHMENT OF PURA

PURA was established under Section 11 of the Petroleum Act, Cap 392 as an upstream regulatory authority responsible for regulating, monitoring, and promoting all petroleum upstream activities, and to regulate and supervise all Liquefied Natural Gas (LNG) projects. The Authority became operational in February, 2016 with the appointment of Acting Director General in January 2017 followed by the appointment of Board of Directors on 26 April 2017. The functions of PURA are articulated in Section 12 of the Petroleum Act, Cap 392 as follows:

- (a) Advising the Minister on-
 - The promotion and bidding process of the production sharing agreements or other contractual arrangement;
 - The negotiation of production sharing agreements and other contractual arrangements;
 - The granting, renewing, suspending and cancelling of petroleum exploration license, development license and production permit; and
- (b) Advising the Government on proposed field development plans, infrastructure development and decommissioning of installations submitted by a license holder;

In additional to the responsibilities conferred above, the Authority is mandated to perform the following functions:

- (a) Conducting or cause to be conducted reconnaissance surveys and evaluating prospectively of frontier areas;
- (b) Monitoring, regulation, and supervision of the subsector, including reserve estimation and measurement of produced petroleum;

- (c) Analyzing, disseminating, and issuing information relating to the petroleum industry, including proposed exploration activities contained in the annual work program, appraisal program, and production forecasts submitted by a license holder;
- (d) Reviewing and approving budgets submitted by a license holder;
- (e) Promoting local content including supporting national enterprises and Tanzanians to participate in the petroleum upstream industry;
- (f) Receiving and processing applications for granting, renewing, suspending, and cancelling of petroleum exploration license, development license, and production permit;
- (g) Coordinating and cooperating with other Government institutions, including other regulatory authorities responsible for monitoring, evaluation and review of petroleum operations;
- (h) Monitoring performance of petroleum projects and programs;
- (i) Monitoring all phases of petroleum discovery, evaluation and delineation, commercial evaluation of discovery, reservoir performance and production regulation under production to ensure optimal rates for the discovery, commercialization and recovery of petroleum resources using the best available technologies and field practices;
- (j) Monitoring and evaluating performance in petroleum activities including investment, cost of services, regularity of outputs and availability of crude oil and natural gas for domestic supply;
- (k) ensuring compliance by industry players to the provisions of this Act and imposing sanctions for non-compliance or other violation of regulations, orders, rules or contract terms;
- (l) Ascertaining the cost oil and gas due to license holder and other contractors;
- (m) Maintaining continued communication and dialogue with all stakeholders in the industry including the public to ensure optimal development of the sector;
- (n) Facilitating resolution of complaints and disputes;
- (o) Managing national exploration and production data base and working diligently towards declassifying data as it sees fit;
- (p) Undertaking administration of Production Sharing Agreement or other contractual arrangement;
- (q) Making rules and guidelines for the conduct of upstream petroleum operations and other related matters; and
- (r) Performing any other function conferred to it by this Act.

2.2 Mandate

The Petroleum Act, Cap. 392, mandates PURA to: regulate and monitor petroleum upstream operations in mainland Tanzania; advise the Government and the Minister responsible for petroleum in all matters pertaining to the upstream; and regulate and monitor LNG projects for export. Further, the Petroleum Act, Cap 392 mandates PURA to conduct the audit of cost recovery on exploration, developments, production and sale of oil and gas to determine Government profit share and royalty.

2.3 VISION, MISSION AND CORE VALUES OF PURA

The vision statement describes the Authority's purpose and future direction clearly and concisely to enable PURA staff to carry out their tasks with a shared corporate goal while the Mission statement summarizes the Authority's operations in attaining its planned objectives. Additionally, PURA has defined core values that describe PURA's identity, ethics, and ideals that the Authority and its personnel are valued.

In the financial year 2023/24, the Authority's defined vision, mission and core values were:

Vision

Upstream Regulator for a sustainable petroleum driven economy.

Mission

To regulate, monitor and promote upstream petroleum operations through enforcement of legal and regulatory requirements for the greater economic good of Tanzania.

Core Values

In managing and administering the upstream petroleum subsector, PURA has adopted the following five core values abbreviated as PATII to define its desired organizational culture:

a) Professionalism

We maintain a high level of professional standards and strive for the best results in dealing with our stakeholders by using relevant guiding documents

b) Accountability

We take responsibility for our actions and decisions.

c) Transparency

We conduct our undertakings with openness and conscientiousness

d) Innovation

We strive to set trends and promote creativity by challenging norms for continuous improvement.

e) Integrity

We are honest, fair and sincere to stakeholders and amongst ourselves.

2.4 CORPORATE GOVERNANCE

PURA complies with international and domestic standards and practices of good governance. At the top of the organizational structure is the Board of Directors, which is the Governing Body of PURA. The Authority is committed to the principles of effective Corporate Governance. This is fostered by undisputed support from the PURA Board which is committed to the principles of good Corporate Governance.

The main duties and responsibilities of the Board of Directors include creating policies and providing guidance for the efficient administration of the Petroleum Act, Cap 392. The Board delegates the day-to-day management of the Authority to the Director General assisted by Senior Management Members.

To ensure the existence of good Corporate Governance in PURA, among others the Authority upholds the following key best practices for good Corporate Governance:

2.4.1 Composition of the Board of Directors

The Board of Directors of PURA consists of a chairman and four members. Chairman of the Board is appointed by the President of the United Republic of Tanzania and four Non-Executive Directors are appointed by the Minister responsible for Energy. The Director General is appointed by the President and is the Secretary to the Board.

The Chairman is supposed to serve for five years, one member for five years, two members for four years and one member for three years. The Chairman and members of the Board are eligible for reappointment for one further term of three years. The Chairman of the Board was still in his first term, the remaining four Board members were serving for their second and last tenure of three years. In the financial year ended 30 June 2024, the tenure of two Board members, expired on 18th April 2024 and was replaced by new members who were appointed by the Deputy Prime Minister and Minister for Energy on 5 July 2024 for the period of four years from 10 July 2024 to 09 July 2028.

2.4.2 Diversity Composition of the Board of Directors

The Chairman, Board Members and Secretary who served in the Board during the financial year 2023/24 are shown in Table 1.

Table 1: Composition of the Board of Directors during the financial year 2023/24

S/N	Name	Position	Qualifications	Nationality	Appointment Date	Age
1.	Mr. Halfani R. Halfani	Chairperson	BSc Mathematics, Physics MSc in Geophysics	Tanzanian	11 May 2022	72
2.	Mrs. Beng'i M. Issa	Vice - Chairperson	FCCA, MSc in Financial Management	Tanzanian	19 April 2021	58

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S/N	Name	Position	Qualifications	Nationality	Appointment Date	Age
3.	Prof. Josephat D. Lotto	Member	CPA, Doctor of 'Philosophy' (PhD) Degree 'in Finance	Tanzanian	24 April 2022	49
4.	Mr. Yona S.M. Killagane	Member	FCCA, FCPA, MSc in Financial Management	Tanzanian	19 April 2021	70
5.	Dr. Hamis Hassan Mwinyimvua	Member	Doctor of Philosophy(PhD) in Economist	Tanzanian	19 June 2023	64
6.	Eng. Charles J. Sangweni	Secretary	MSc. Gas Engineering and Management	Tanzanian	20 May 2022	50

2.4.3 Functions of The Board

There is a clear distinction between the roles of the PURA Management and that of the Board. The functions of the Board of Directors have been clearly defined in the Petroleum Act, Cap 392. In this regard the functions of the Board are to:

- i) Oversee the operations of PURA;
- ii) Advise the Minister on petroleum-related policy and strategic issues;
- iii) Review and approve business and operating plans, budgets, reports and financial statements of PURA;
- iv) Establish and approve rules and procedures for appointment, promotion, termination, discipline, terms and conditions of service of the employees of PURA;
- v) Provide guidance to the Director General and employees of the PURA; and
- vi) Perform any other function as may be necessary for the implementation of provisions of the Act.

2.4.4 Organizing and Holding Board and Committee Meetings

The effectiveness of the Board and its Committees depends on the organization of their meetings. Thus, the Board Secretary is observing the following key elements when convening the meetings:

- i) Agenda are clearly defined;
- ii) Complete set of materials to be discussed are sent to the Directors in advance to enable them to make informed decisions;
- iii) Advance notifications regarding the meetings are sent to Directors;
- iv) Quorum of the meetings are observed;
- v) Proper recording of the meeting minutes and timely communication of matters arising.

2.4.5 Board Meetings

For the year 2023/24, four ordinary meetings were planned to be conducted. During the year, four ordinary board meetings and six extraordinary meetings were conducted.

Table 2: Attendance of Board Members and Secretary in the Board Meetings

S/N	Member's name	Planned Ordinary Meetings	Ordinary meetings held	Ordinary Meetings attended	Extra-ordinary Meetings held	Extra-ordinary Meetings attended
1.	Mr. Halfani R. Halfani	4	4	4	6	6
2.	Mrs. Beng'i M. Issa	4	4	2	6	3
3.	Prof. Josephat D. Lotto	4	4	3	6	5
4.	Mr. Yona S.M. Killagane	4	4	2	6	4
5.	Dr. Hamis Mwinyimvua	4	4	4	6	6
6.	Eng. Charles J. Sangweni	4	4	4	6	6

Key Matters Deliberated during Meetings

During the FY 2023/24 among others, the key matters deliberated on Board meetings were;

- i) Deliberated and approved Authority's quarterly and annual performance reports;
- ii) Reviewed and recommended to the Deputy Prime Minister and Minister for Energy on TPDC's request for the Extension Period of Block 2;
- iii) Reviewed and approved the usage of the single source method in Sourcing of the Multiclient Geophysical Company in Offshore (LOT1) and Onshore Area (LOT 2);
- iv) Reviewed and provided recommendations on the draft MPSA Prepared by the Consultant;
- v) Reviewed and provided recommendations to the Deputy Prime Minister and Minister for Energy on the TPDC's request to include the North Western Adjoining Block containing the Ntorya Discovery in the Ntorya Development Licence;
- vi) Reviewed and approved the Proposed Pooled Wellhead Natural Gas Price, 2024;
- vii) Reviewed and approved the award of Multiclient Agreement for the Provision of Multiclient Geophysical Service in Offshore Mainland Tanzania and grant of the Reconnaissance Permit to TGS ASA of Norway in respect of that area;
- viii) Reviewed and approved the Annual Plan and Budget for the Financial Year 2024/25;
- ix) Reviewed and approved the Annual Procurement Plan for the Financial Year 2024/25;
- x) Reviewed and approved several operational documents, guidelines, and policies including the Audit Risk Based Plan for the Financial Year 2024/25, the PSA Audit Plan, the Accounting Procedural Manual, PSA Annual Auditing Plan, and the Occupational Health and Safety Policy.

2.4.6 Existence of PURA Board Committees

The Board operated effectively with the assistance of its committees. The Committees analyze matters in depth and report to the Board. Through this, the Board has become more effective in overseeing specific areas of interest and gives more time for efficiently handling complex issues.

In the financial year 2023/24 the Board operates through three (3) Committees namely: Audit and Risk Management Committee; Technical and Petroleum Operations Committee; and Corporate Affairs Committee. The composition of the Members and the responsibilities of each committee is detailed below:

i) Audit and Risk Management Committee

The Board's Audit and Risk Committee is comprised of at least 3 members (but not more than six members and Secretary). The roles, composition, responsibilities and operating guidelines of the Committee are stipulated in the PURA Audit and Risk Management Committee charter. The Committee assists the Board on governance, risk management and internal control practices of the Authority. Table 3 below shows the members of this committee;

Table 3: List of Members for the Audit and Risk Management Committee

S/N	Member's name	Position	Tenure	Qualification
1.	Mr. Yona S.M. Killagane	Chairperson	2 August 2023 - 18 April 2024	FCCA, FCPA, MSc in Financial Management
2.	Prof. Josephat D. Lotto	Member and Acting Chairperson	Member: 2 August 2023 Ag. Chairman from 11 May 2024	Doctor of 'Philosophy (PhD) Degree in Finance, CPA(T)
3.	Dr. Hamis Hassan Mwinyimvua	Member	11 May 2024 until when the Board appoints another member to fill the position.	Doctor of Philosophy (PhD) in Economy
4.	Mr. Goodluck Maruma	Co-Opted Member	1 August 2022	Certified Public Accountant Tanzania (CPA(T))
5.	Ms. Salome Makange	Co-Opted Member	5 May 2023	LLB (Dar), LLM- University of London (School Of Oriental And African Studies)
6.	Mr. Meshack Kagya	Co-Opted Member	5 May 2023	Doctor of Philosophy (PhD) in Petroleum Geochemistry
7.	Eng. Charles Sangweni	Member with no voting Rights	1 August 2022	MSc. Gas Engineering and Management
8.	Ms. Catherine Mihayo	Secretary	1 August 2022	LLB (Hons) (UDSM), LLM in Oil and Gas (Aberdeen, UK)

The responsibilities of the Audit and Risk Management Committee include:

- i) To review the internal control system, risk management and compliances, PURA's annual budgets and Management's proposals for budget re-allocation

- ii) To review the financial statements for compliance with prescribed accounting and other requirements
- iii) To review, with management and external auditors, the results of the external audit and any significant issues identified.
- iv) To review and provide advice on the risk management process established and maintained by management and the procedures in place to ensure that they are operating as intended.
- v) To review internal and external audit plans and reports.

ii) Technical and Petroleum Operations Committee

The Board's Technical and Petroleum Operation Committee is comprised of at least three members (but not more than six members and the Secretary. The roles, composition, responsibilities and operating guidelines of the Technical Committee are stipulated in the PURA Technical and Petroleum Operation Committee charter. The Committee advises the Board on technical matters and petroleum operations of the Authority. Table 4 shows the list of the members;

Table 4: List of Members for the Technical and Petroleum Committee

S/N	Member's Name	Position	Date of Appointment	Qualification
1.	Prof. Josephat Lotto	Chairperson	06 June 2023	Doctor of 'Philosophy (PhD) Degree in Finance, CPA (T)
2.	Mr. Yona S.M. Killagane	Member	2 August 2022	FCCA, FCPA, MSc. In Financial Management
3.	Dr. Hamis Mwinyimvua	Member	11 May 2024 until the Board appoints another member to fill the position.	Doctor of Philosophy (PhD) in Economy
4.	Mr. Abdon David Makishe	Co-Opted Member	20 June 2023	MSc. In Technology (Applied Geophysics)
5.	Mr. Priva Clemence Mramba	Co-Opted Member	21 June 2024	MSc. In Energy Studies with a specialization in Oil and Gas Economics
6.	Mr Godluck Shirima	Co-Opted Member	1 August 2022 - 31 July 2025.He resigned on 12 April 2024	LLM In Oil and Gas law
7.	Mr. Ngambo Patrick Ibrahim	Co-Opted Member	11 May 2024	Masters of Law (LLM) In International Trade and Investments Law
8.	Eng. Charles Sangweni	Member with no voting Rights	1 August 2022	MSc. Gas Engineering and Management

The responsibilities of the Technical Committee include:

- i) To consider Management's recommendations on the issuance of licences or permits for petroleum operations;
- ii) To consider and approve Management's recommendations to send various regulatory tools in respect of the petroleum upstream sub-sectors to stakeholders for comments;

- iii) To advise the Board on matters related to the orderly functioning of the Petroleum upstream sub-sector;
- iv) To review on a quarterly basis, the implementation status of the Petroleum operations including LNG operations as prescribed in the Annual Action Plan.

iii) Corporate Affairs Committee

The Board's Corporate Affairs Committee is comprised of at least three members (but not more than six members and Secretary. The roles, composition, responsibilities and operating guidelines of the Corporate Affairs Committee are stipulated in the PURA Corporate Affairs Committee charter. The Committee advises the Board on Corporate matters other than technical and audit matters of the Authority.

Table 5: List of Members for the Corporate Affairs Committee

S/N	Member's Name	Position	Date of Appointment	Qualification
1.	Mrs. Beng'i M. Issa	Chairperson	06 June 2023 - 18 April 2024	FCPA, MSc. in Financial Management
2.	Dr. Hamis Mwinyimvua	Member and Acting Chairperson	6 July 2023 11 May 2024 until the Board appoints another member to fill the position.	Doctor of Philosophy (PhD) in Economy
3.	Prof. Josephat Lotto	Member	A member from 11 May 2024 until the Board appoints another member to fill the position.	Doctor of 'Philosophy (Ph.D.) Degree in Finance, CPA(T)
4.	Mr. Nelson Rwechungura	Co-Opted Member	1 August 2022	Master Degree in Law (LLM)
5.	Mr. Deogratias Laballa	Co-Opted Member	21 June 2024	Master of Arts in Revenue Law and Tax Administration
6.	Mr. Elias A. Kilembe	Co-Opted Member	1 August 2023	MSc (Geology)
7.	Eng. Charles Sangweni	Member with no voting Rights	1 August 2022 - end of his tenure as Director General.	MSc. Gas Engineering and Management
8.	Ms. Catherine Mihayo	Secretary	1 August 2022	LLB (Hons) (UDSM), LLM in Oil and Gas (Aberdeen, UK)

The responsibilities of the Corporate Affairs Committee include:

- i) To review recommendations made by the Management in respect of disputes in petroleum operations;
- ii) To review Human Resources manuals, policies and related documents;
- iii) To review Information and Communication Technology manuals, policies and related documents;
- iv) To review any other recommendations submitted to the Committee;

- v) To review Management's proposals in respect of employee's appointment, staff remuneration, promotions and disciplinary related matters;
- vi) To review any cross-cutting matter of a legal and/or corporate nature; and
- vii) To perform such other functions as may be assigned by the Board.

2.4.7 COMMITTEE MEETINGS

For the year ended 30 June 2024, the Authority Board Committees conducted a total of 17 meetings, made up of five (5) Audit and Risk Management Committee, eight (8) Technical and Petroleum Operations Committee, and four (4) for the Corporate Affairs Committee meetings. The summary of the meetings is as shown below;

i. The Audit and Risk Management Committee

For the financial year 2023/24, key matters deliberated during the meetings were:

- i) Reviewed the annual financial statements of the Authority for the year ended 30 June 2023;
- ii) Reviewed the Management Letter of 2022/23 issued by the CAG;
- iii) Received and deliberated the quarterly performance reports of the Management including PSA Audit Reports; and
- iv) Reviewed and provided recommendations to the Board on the Internal Audit Charter, the Risk-Based Annual Internal Audit Plan for the FY 2024/25, PSA Audit Plan for the FY 2024/25; PSA Auditing Manual; and the Internal Audit Procedure Manual;

Table 6: Attendance of Committee Members in the Audit and Risk Management Committee Meetings

S/N	Member's name	Planned Ordinary Meeting	Ordinary meeting held	Ordinary Meetings attended	extraordinary meeting held	Extraordinary Meetings attended
1.	Mr. Yona S.M. Killagane	4	4	3	2	2
2.	Prof. Josephat D. Lotto	4	4	4	2	2
3.	Dr. Hamis Hassan Mwinyimvua	4	4	1	2	0
4.	Mr. Goodluck Maruma	4	4	4	2	2
5.	Mrs. Salome Makange	4	4	4	2	2
6.	Dr. Meshack Kagya	4	4	4	2	2
7.	Eng. Charles Sangweni	4	4	4	2	2
8.	Ms. Catherine Mihayo	4	4	4	2	2

NOTE: Dr. Hamis Mwinyimvua was appointed as a member of the Audit and Risk Committee on 11 May 2024 following the tenure of Mr. Killagane on 18 April 2024.

ii. The Technical and Petroleum Operation Committee

For the financial year 2023/24, among others, key matters deliberated during the meetings were:

- i) Reviewed and Provided Recommendations to the Board on Presentation and Deliberation of the PURA's Opinion Regarding a Request from Establishments Maurel & Prom S.A (M&P) with respect to the Proposal for Acquisition of Wentworth Resources PLC and Indirect Transfer of an Interest in the Mnazi Bay PSA;
- ii) Reviewed and provided recommendations to the Board on the Draft Petroleum (Health, Safety, and Environment) Regulations 2023;
- iii) Reviewed and provided recommendations to the Board on the Petroleum (Exploration and Production) Data Submission and Access Guidelines;
- iv) Reviewed and provided recommendations to the Board on Petroleum Exploration Data Price Schedule;
- v) Reviewed and provided recommendations to the Board on the Draft Bilateral Treaty Between the Government of the United Republic of Tanzania and the Government of the Republic of Mozambique Concerning Cross-Boundary Petroleum Unitisation Cooperation at the Onshore Ruvuma and/or Offshore Indian Ocean Basins; and the Draft Petroleum (Unit Development) Guidelines, 2023;
- vi) Reviewed and provided recommendations to the Board on the Pre-Annual and Annual Work Plan and Budget Meetings, 2023;
- vii) Reviewed and provided recommendations to the Board on the Report of the Study of Environmental Changes in Songo Songo Island;
- viii) Reviewed and provided recommendations to the Board on the Tanzania Petroleum Resource and Reserve Accounting Report;

Table 7: Attendance of Committee Members in the Technical and Petroleum Operation Committee Meetings

S/N	Member's name	Planned Ordinary Meeting	Actual ordinary meetings held	Ordinary Meetings attended	Extraordinary meeting held	Extraordinary Meetings attended
1.	Dr. Josephat Lotto	4	4	4	1	1
2.	Mr. Yona S.M. Killagane	4	4	2	1	1
3.	Dr. Hamis Mwinyimvua	4	4	1	1	0
4.	Mr. Abdon David Makishe	4	4	4	1	1
5.	Mr. Priva Clemence Mramba	4	4	4	1	1
6.	Mr. Godluck Shirima	4	4	2	1	1
7.	Mr. Ibrahim Ngabo	4	4	1	1	0
8.	Eng. Charles Sangweni	4	4	4	1	1
9.	Ms. Catherine Mihayo	4	4	4	1	1

NOTE: Dr. Hamis Mwinyimvua and Mr Ngabo Ibrahim were appointed as members of the Technical and Petroleum Operations Committee on 11 May 2024 following the tenure of Mr. Killagane on 18 April 2024 and the resignation of Mr. Shirima on 12 April 2024.

iii. The Corporate Affairs Committee

For the financial year 2023/24, among others, key matters deliberated during the meetings were:

- i) Reviewed and provided recommendations on the PURA Strategic Plan for 2022/23 - 2026/27;
- ii) Reviewed and provided recommendations on the Authority's Human Resource Planning for the Financial Years 2023/24 to 2027/28;
- iii) Reviewed and provided recommendations on the Authority's Communication Strategy;
- iv) Reviewed and provided recommendations on the Accounting and Procedural Manual;
- v) Reviewed and provided recommendations on the Authority's Organization Structure;
- vi) Reviewed and provided recommendations on the Authority's Clients Service Charter;
- vii) Reviewed and provided recommendations on the Draft Annual Report for 2021/22;
- viii) Reviewed and provided recommendations on the Annual Plan and Budget for the Financial Year 2024/25;
- ix) Reviewed and provided recommendations on the Annual Procurement Plan for the Financial Year 2024/25; and
- x) Reviewed and provided recommendations on the Authority's Occupational Health and Safety Policy, 2024.

Table 8: Attendance of Committee Members in the Corporate Affairs Committee Meetings

S/N	Member's name	Planned Ordinary Meeting	Ordinary meeting held	Ordinary Meetings attended	Extraordinary meeting held	Extraordinary Meetings attended
1.	Dr. Hamis Mwinyimvua	4	4	4	-	-
2.	Prof. Josephat D. Lotto	4	4	4	-	-
3.	Mrs. Beng'i M. Issa	4	4	4	-	-
4.	Mr. Nelson Rwechungura	4	4	4	-	-
5.	Mr. Deogratias Laballa	4	4	3	-	-
6.	Mr. Elias A Kilembe	4	4	4	-	-
7.	Eng. Charles Sangweni	4	4	4	-	-
8.	Ms. Catherine Mihayo	4	4	4	-	-

NOTE: Prof. Josephat Lotto was appointed as a member of the Corporate Affairs Committee on 11 May 2024 following the tenure of Mrs. Beng'i Issa on 18 April 2024.

2.5 BOARD'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Board is responsible, under the Petroleum Act, Cap 392 for the preparation of 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, reasonable and prudent judgments and estimates have been made in the preparation of 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 of 2001 as revised in 2020.

The PURA's Board is responsible for keeping proper accounting records, safeguarding the Assets of the Authority and designing, implementing and maintaining internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement caused by error, fraud or other irregularities.

2.6 MANAGEMENT AND ORGANISATION STRUCTURE

i) Management

According to the Petroleum Act, Cap 392 the Authority is headed by the Director General who is an Accounting Officer vested with the overall powers of managing daily activities and reports directly to the Board of Directors. The Authority's operations are carried out by the Management team under the Director General. The Director General is assisted by Directors and Heads of Units and Sections. The structure of PURA is composed of two Directorates, six Units and four Sections.

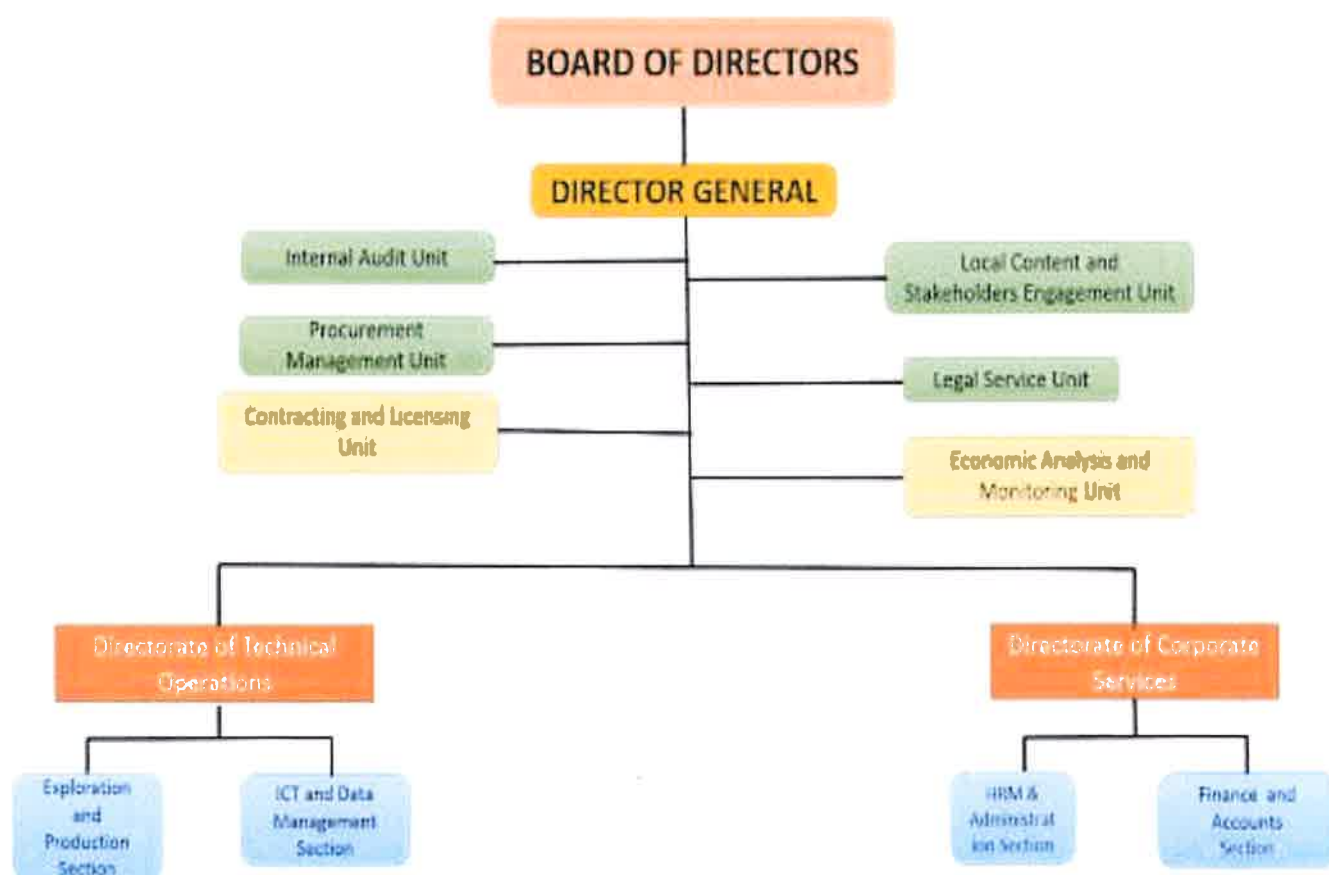


Figure 1: Organization Structure of PURA.

2.7 KEY MANAGEMENT PERSONNEL OF THE AUTHORITY

Table 9: The Management team was comprised of the following:

S/N	Name	Qualifications/Discipline	Post
1.	Eng. Charles J. Sangweni	MSc Gas Engineering and Management	Director General
2.	Mr. Danstan M. Asanga	Msc Petroleum Engineering	Director of Technical Operations
3.	Ms. Mosi Mohamed	Msc. Accounts and Finance Masters of Finance and Accounts, CPA (T).	Director of Corporate Services
4.	Mr. Shigela J. Malosha	MSc Petroleum Geosciences	Director of Contracting and Licensing Unit
5.	Mr. Modestus Lumato	Msc. Petroleum Engineering	Ag. Director of Economic Analysis and Monitoring
6.	Mr. Chilunga Mkunda	Msc Accounting & Finance, CPA (T)	Ag. Head of Internal Audit Unit
7.	Mr. Charles N. Kangoye	Master of Business Administration (MBA), CPA (T)	Head of Local Content and Stakeholders Engagement Unit
8.	Ms. Catherine P. Mihayo	Masters in Oil and Gas Law	Head of Legal Services Unit
9.	Ms. Joan A. Karama	Master of Business Administration (MBA), CPSP	Head of Procurement Management Unit
10.	Mr. Simon G. Nkenyeli	MSc Petroleum Geosciences Engineering	Manager of Exploration and Production Section
11.	Ms. Renatha C. Mpandaguzi	Msc. Human Resource Management	Manager of Human Resource and Administration Section
12.	Ms. Rahma J. Ali	MSc Petroleum Geophysics	Manager of ICT and Data Management Section
13.	Mr. Kebwe K. Kichanta	Postgraduate Diploma in International Business Studies. CPA (T)	Ag. Manager of Finance and Accounts Section

2.8 PERFORMANCE MEASUREMENTS FOR THE YEAR

a) Resources and Strength

PURA has well-trained and capable employees to implement its mandates as provided under the Petroleum Act, Cap 392. The resources and strengths that facilitated the PURA's endeavour to achieve its strategic objectives include human, physical, financial, and technological resources.

In terms of human capital, the Authority has well-qualified and committed staff dedicated to a long-term career in the PURA's operations. The management maintains a continuous training program for its staff to keep abreast with social, economic, and development issues around the world. Likewise, the management adheres to good governance and promotes labour relations that provide a conducive environment to discharge its mandates.

In terms of physical resources PURA owns a number of tangible assets which facilitate implementation of its mandated responsibilities.

From the financial perspective, PURA enhances its financial sufficiency by improving the management of its resources by ensuring optimal utilization of its financial resources through prioritization and implementing its activities within the available financial funds. The Authority is financed through financial support from the Government, donors' grants and internal sources of funds.

PURA continued to improve its management of Information Systems by automating its business processes in the areas of finance and accounts, human resources, procurement and records management as well as geological data management.

2.9 FUTURE DEVELOPMENT PLANS AND STRATEGIES

The future plans of PURA have been well elaborated in the five-year 2022/23 to 2026/27 Strategic Plan. As an upstream regulatory authority responsible for regulating, monitoring and promoting all petroleum upstream activities, the Authority's Plans are specifically focused on;

- i) Enhancing investment in the upstream petroleum industry;
- ii) Increasing participation of Tanzanians in the petroleum industry and
- iii) Strengthening compliance with HSE standards in upstream petroleum activities.
- iv) Securing own office accommodation/building

PURA is determined to attain the set targets for the good of the Government and all Tanzanians, in this regard, PURA shall continue to implement a number of strategies that have significant contributions to the oil and gas-driven economy. These strategies include;

- i) Improving human resource management
- ii) Improving business processes
- iii) Conducting licensing rounds for open acreages
- iv) Conducting monitoring of petroleum operations
- v) Improving petroleum data quality and data management systems
- vi) Reviewing and developing legal and regulatory frameworks
- vii) Enforcing compliance to local content requirements
- viii) Capacitating local workforce and service providers.

2.10 KEY PERFORMANCE INDICATORS (KPIs)

The Authority applies three criteria for performance indicators such as relevance, measurable, and validity. Performance indicators clearly need to be measurable, although measurement in some cases may need to be qualitative. If indicators are to be useful in changing the mix of activities to achieve the most desirable industry outcomes, then the responsibility for affecting different indicators and incentives for achieving good performance needs to be established.

i) Input Indicators

Input indicators are used to measure resources needed for a business process or project. They are necessary for tracking resource efficiency in normal operating activities. The inputs for the Authority's activities include the amount of equipment available for supervising petroleum upstream activities, fund to facilitate regulatory operations and the total full-time equivalent staff. The volume of input should be adjusted for quality factors such as standard of the equipment available and capacity building training to staff.

ii) Process Indicators

Given the level of input, management and organizational decision will affect how those resources are used to create different types of processes. A common process indicator for Authority regulatory activities includes KPIs focused on cost-benefit analysis, natural gas targets identification processes and number of persons of surveillance undertaken.

iii) Output Indicators

Output indicators measure the success or failure of the process. This involves the intermediate results of the Authority activities. The successful supervision of upstream petroleum operations will result in equitable distribution of profit and fiscal terms of the country enhanced in terms of royalty and taxes from the natural gas investments.

2.11 GENERAL PERFORMANCE MEASUREMENTS

In the financial year (FY) 2023/24, PURA 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 (FY) 2023/24 are as elaborated hereunder in Table 10

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

Table 10: List of Planned Activities and the Achievements for the year 2023/24

S/N	Planned activities	Achievement 2023/24	Remarks
1.	To provide advice to the Minister on matters relating to all operating PSAs.	<p>The Deputy Prime Minister and Minister for Energy:</p> <ul style="list-style-type: none"> i) granted thirty-six (36) months extension to the second extension of the Ruvu Block Exploration Licence; ii) approved the transfer of 20% participating interest in the Mnazibay PSA by Maurel et Prom to TPDC; iii) granted the Ntorya Development Licence to TPDC and Contractor to undertake development operations over Ntorya gas field in the Ruvuma PSA iv) Granted four and half (4.5) years extension to the exploration license for Block 2 to enable TPDC and the Contractor to conclude commercial agreements. 	Through PURA advices, the upstream subsector was operational and economically enhanced
2.	To develop the Model Production Sharing Agreement (MPSA)	<ul style="list-style-type: none"> 1. PURA completed the study and review of the Model Production Sharing Agreement (MPSA), 2013. 2. PURA has developed the MPSA, 2024 containing competitive fiscal and legal terms. 3. PURA has advised the Deputy Prime Minister and Minister for Energy to adopt the developed MPSA, 2024 and request the same to be approved by the Cabinet in line with section 47(3) of the Petroleum Act, 2015. 	The proposed MPSA, 2024 once approved by the Cabinet will be used for the upcoming licensing round for open acreages and be guidance in negotiations of any agreement.

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S/N	Planned activities	Achievement 2023/24	Remarks
3.	To draft regulations, rules and guidelines on the conduct of petroleum operations and other related matters.	<p>In 2023/2024 the Petroleum (Settlement of Disputes arising from Upstream Petroleum operations) Rules, 2023, has been drafted, approved, and published on the PURA website.</p> <p>The Guidelines for Sourcing Multiclient Geophysical Company for Grant of a Reconnaissance Permit has been approved.</p>	<p>The Petroleum (Settlement of Disputes arising from Upstream petroleum operations) Rules, 2023 will be used in guiding the Authority in determining disputes under Section 242 of the Petroleum Act Cap 392.</p> <p>The Guidelines for Sourcing Multiclient Geophysical Company for Grant of Reconnaissance Permit was used as among the instruments governed the sourcing of the Multiclient company.</p>
4.	To conduct quarterly regulatory monitoring visits to petroleum producing fields.	<ol style="list-style-type: none"> 1. Conducted a total of eight (8) field performance monitoring visits at Mnazi Bay and Songo Songo producing fields. 2. Monitored Slickline operations at Songo Songo and Mnazi bay gas producing fields. 3. Conducted analysis of the daily production reports received from both Songo Songo and Mnazi Bay producing fields. 4. Monitored and witnessed the Mnazi Bay sales gas metering system accuracy test and annual chromatograph calibration at the Mnazi Bay gas field. 5. Monitored the Pressure and Temperature Transmitter Verification operations for Train A and B at the Mnazi Bay gas field 6. Monitored HSE compliances in both fields. 	<p>The monitoring has attributed to a stable and sufficient supply of gas to the customers.</p>

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

S/N	Planned activities	Achievement 2023/24	Remarks
5.	To prepare data packages for three (3) Blocks.	<p>i) Prepared data package for blocks to be involved in the 5th Licensing Round.</p> <p>ii) Secured the Multiclient Company and prepared a draft proposal for the same</p> <p>iii) Transferred 95% of petroleum data from TPDC to PURA. The data include seismic data (2D & 3D) and well-logged data.</p>	The offshore Data package was provided to the Multiclient Company which will cooperate with the Authority in the licensing round exercise.
6.	To organize and conduct Pre-Annual Work Program and Budget Committee Meetings (AWPBM) and Pre AWPBMs-timely.	Organized and conducted Pre-AWPB and AWPB Committee meetings for active PSAs	The activity was implemented as scheduled which involved the review, discussion and approval of the submitted plan and budget from the block operators.
7.	To facilitate the preparation of financial and Audit report, remittance of audit fees and contributions to the GVT and; coordinate and participate in parliamentary committee meetings	<p>i) The periodic financial performance reports for 2023/24 and annual financial statements for FY 2022/23 were prepared and submitted.</p> <p>ii) PURA's annual contribution to the Government Consolidated Fund was timely remitted.</p> <p>iii) The Authority participated in all parliamentary committee and Ministry's meetings as planned.</p>	<p>i) Reports were submitted to the Government as required.</p> <p>ii) Issues related to the petroleum upstream operations were successfully addressed during the parliamentary committee meetings.</p>

2.12 ENVIRONMENTAL MATTERS

PURA continued to monitor compliance to Policies, the Petroleum Act, Cap 392 and the Environment Management Act, 2004 in the upstream petroleum operations. During the year 2023/24 environmental issues were given priority through periodic monitoring and robust precautionary measures were taken and put in place to ensure best international and local practices are adhered to.

2.13 EMPLOYEES' WELFARE

i. Employment Policy

PURA as a Government entity, offers equitable employment opportunities irrespective of gender, marital status, age, race, religion and disability. PURA is aware of the importance of maintaining fair employment standards in hiring and selecting employees as well as in staff retention, training, and career development. All Tanzanians who meet the requirements can apply; it is an open, transparent, and non-discriminatory process. Additionally, PURA fills open vacancies through employee transfer from other public institutions.

ii. Staff Headcount

The number of staff as of June 2024 was eighty-six (86) constituting fifty-one (51) males and thirty-five (35) females. There is an increase of nine (9) staff compared to the previous year 2022/23 seventy-seven staff (77). The number of staff in both years includes three (3) staff seconded from Government Institutions.

iii. Management and Employees Relation

There is a continued good relationship among the staff, the Director General and the Board of Directors. This was implemented by having a functioning Workers Council that statutorily meets twice a year to discuss and implement issues between the Management staff and other staff. During the year 2023/24, the Workers Council met twice in October 2023 and January 2024 where various matters were discussed, among them were;

- i) Mid-year budget reallocation for FY 2023/24 and the Annual Budget for FY 2023/24 with its action plan;
- ii) Annual performance reports for FY 2021/22 and quarterly progress reports for 2023/24 and;
- iii) Employees' related matters as submitted by the PURA branch of the Employees Trade Union (TUGHE).

iv. Capacity Building

The Authority continued to place great importance on staff training to improve the capabilities, skills, and competencies of the PURA workforce. During 2023/24, the Authority facilitated short-term training to its staff in various disciplines to strengthen the performance of the

Authority. Eighty-two (82) staff were trained in year 2023/24 compared to seventy-seven (77) staff of the previous year 2022/23. In addition, Board members were trained in various areas such as; petroleum operations and corporate governance.

v. Employees Benefit Plan

PURA as one of the government entities has adopted a Defined contribution plan as its employees' benefit plan. Under this plan, the Authority pays fixed contributions into a separate entity Public Service Social Security Fund (PSSSF) and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay employees benefits relating to employee service in the current and prior periods.

The Government pays employers' contributions to the administered Pension Fund through the Ministry of Finance monthly, which qualifies it to be a defined contribution plan. During the year 2023/24 the employer's contribution was TZS 380 million compared to TZS 312, million in 2022/23,

vi. Medical Assistance

All employees along with their spouses and a maximum of 4 children (dependents) are covered under the National Health Insurance Fund (NHIF). However, PURA refunds some of the medical expenses not covered by NHIF to its employees. During the year 2023/24 the employer's medical assistance was TZS 54 million compared to TZS 62.4 million in 2022/23.

vii. Occupational Safety and Health

PURA 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, which is free from occupational hazards that may cause injuries or illness in the working environment.

viii. HIV/AIDS Policy

The Authority adopted the National Policy for HIV/AIDS and guidelines issued by the Government through the provision of awareness and training to staff. This is implemented by providing them with updated information/awareness on HIV/AIDS, with an emphasis on preventive strategies and encouraging them to volunteer in HIV/AIDS testing, practice safe sex, abstain and be faithful to one partner. Further, the Authority sets aside funds for caring of infected staff.

ix. Gender Policy and Parity

PURA being an equal-opportunity employer, encourages gender parity. In the year 2023/24, Authority had 86 staff consisting of 51 males equivalent to 61% and 35 females equivalent to 39% while in the year 2022/23; 45 were males and 32 were the females.

PURA treats its workforce fairly regardless of gender or sex. Furthermore, initiatives in line with Government policy, guidelines and circulars to empower women were undertaken. They included giving opportunities for females to act for higher positions and supporting PURA women's desks.

2.14 ICT INITIATIVES

PURA recognizes the role of ICT in fulfilling its strategic goal of improving business processes. Thus, for the year 2023/24, PURA maintained the application of a video conference system which enhances the smooth operation of the Authority's activities. Moreover, PURA installed additional servers for storing petroleum data and other Authority information.

Further, the Authority enhanced the use of electronic filing systems and other business processes to ensure efficiency, confidentiality and communication within and outside the Authority. The internet connectivity in the head office and branch enabled a conducive working environment for staff in accomplishing the Authority's goals. During the year 2023/24 the Authority installed the Biometric Access control systems which enhanced protection and security in all sensitive locations.

Furthermore, during the year under review, the Authority procured desktop computers and laptops together with its accessories which were given to staff to enhance efficiency in their operations.

2.15 ANTI-CORRUPTION MEASURES

PURA implements a zero-tolerance policy with respect to corruption matters. During the year 2023/24, fifty-three staff were trained by PCCB (Prevention and Combating of Corruption Bureau) in Dar es Salaam. The seminar aimed at creating awareness of corruption issues and ethical conduct.

2.16 PETROLEUM OPERATIONS

Among the roles and responsibilities of PURA is to monitor the performance of petroleum projects and operations, this mandate is provided under Section 12 (2) (h) of the Petroleum Act, Cap 392. This goes together with sub-section 2(j), in which PURA has been mandated with the responsibility of monitoring and evaluating performance in petroleum activities including investment, cost of services, regularity of outputs and availability of crude oil and natural gas for domestic supply. The petroleum operations in the country are conducted in Blocks, where in each Block there is a designated Operator who undertakes petroleum operations on behalf of other partners (if any) as stipulated in the respective production sharing agreement (PSA).

As of 30 June 2024, the total number of operating PSAs in the country was eleven (11) whereby, four (4) were in the development phase and seven (7) were in the exploration phase. The status of operating PSAs has been the same in the past two years because there was no bid round conducted for open blocks hence no new PSAs were awarded.

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Among the PSAs under the development phase, the Kiliwani North gas-producing field was suspended due to technical challenges, however remedial considerations are underway. Further, the Ntorya field was granted a Development License in May 2024 hence its development activities are ongoing. The operational status of each license is shown in Table 11 below.

Table 11: Licenses Operational Status as of June 2024

S/N	PSA	Date of Commencement	Operator & Partners	Operational Status
i)	Block 1 (Offshore)	29 Oct 2005	Shell (Operator), Ophir Energy, Pavilion and TPDC	Pre-development
ii)	Block 2 (Offshore)	18 April 2007	Equinor Tanzania AS (Operator), Exxon Mobil and TPDC	Pre-development
iii)	Block 4 (Offshore)	19 June 2006	Shell (Operator), Ophir Energy, Pavillion and TPDC	Pre-development
iv)	Nyuni Area (Onshore)	27 October 2011	Ndovu Resources Ltd (Operator), Bounty Oil & Gas and TPDC	Under exploration in first extension period
v)	Ruvuma (Onshore)	29 October 2005	ARA Petroleum Tanzania Ltd (Operator), Ndovu Resources Ltd, Solo and TPDC	Under pre-development
vi)	Ruvu Block (Onshore)	24 October 2007	Dodsal Hydrocarbon and Power (Tanzania) Pvt Limited (Operator) and TPDC	Under exploration in second extension period
vii)	Bigwa Rufuji Mafia (Mkuranga Location) (Onshore)	25 July 2008	M&P Exploration and Production TZ Ltd (Operator) and TPDC,	Application of Development License under consideration by the Government
viii)	Mnazi Bay (Onshore)	18 May 2004	M&P Exploration and Production TZ Ltd (Operator), Wentworth and TPDC	Producing
ix)	Songo songo (Onshore)	11 October 2001	PanAfrican Energy Tanzania Ltd (Operator) and TPDC	Producing
x)	Nyuni-Kiliwani North (Onshore)	25 March 1999	Ndovu Resources Ltd (Operator), RAK Gas, Solo, Bounty Oil & Gas and TPDC	Suspended production, under remedial operations
xi)	Tanga Block	20 June 2006	Octant Limited	Under exploration in second extension period

Source: Petroleum Resource Information

a) Petroleum Resources Information

Tanzania has discovered Gas Initially in Place (GIIP) of about 57.54 trillion cubic feet (TCF), out of which 47.13 TCF is offshore discovery and 10.41 TCF is onshore discovery. As of 30th June, 2022, offshore discoveries have not yet been developed awaiting the finalization of LNG project negotiations.

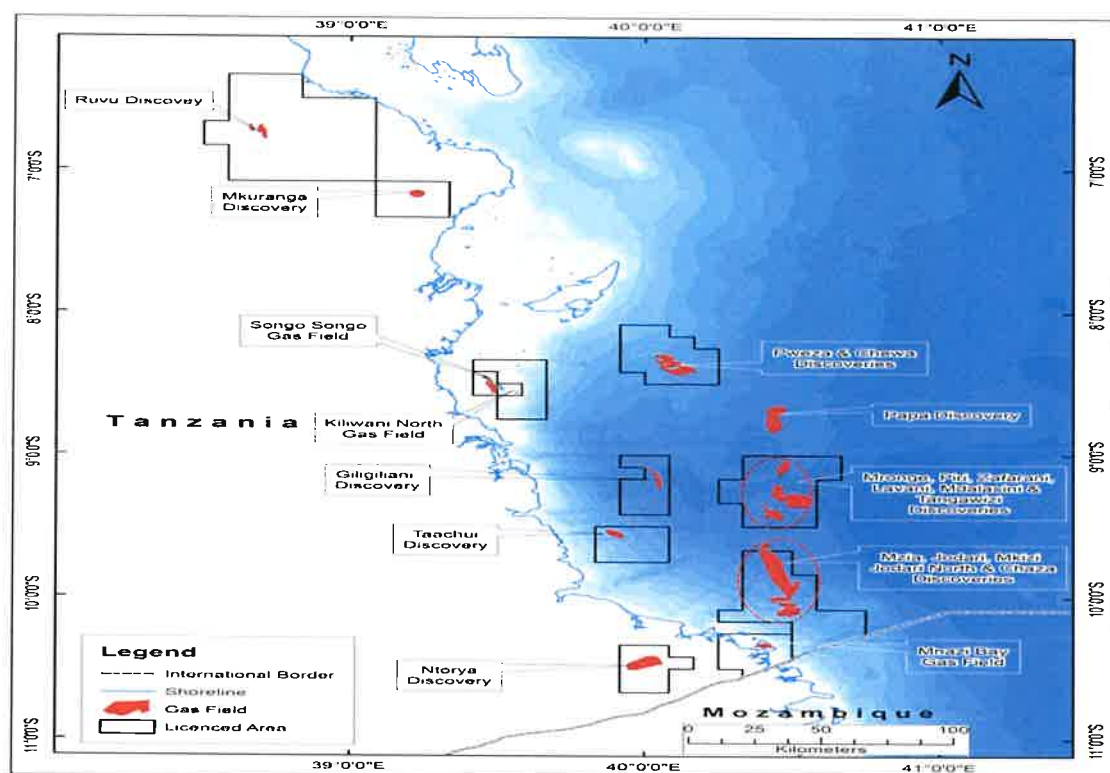


Figure 2: Petroleum Resource Information.

b) Gas Production Operations

The onshore natural gas discoveries have been proven to contain recoverable reserve (2P) amounting to 2,754.35 BCF, which includes Songo Songo (1,025.41 BCF), Kiliwani (8.44 BCF), Mnazi Bay (653.5 BCF) and Ntorya (1,067 BCF). In the financial year 2023/24 the two producing fields (Songo Songo and Mnazi Bay) delivered natural gas amounting to 82.85 BCF compared to 83.45 BCF in 2022/2023 in which there was a decrease of 0.594 BCF.

The decrease in the gas produced was attributed to low downstream demands by customers, particularly TANESCO who is the major customer. TANESCO commissioned two (2) turbines at JNHPP which increased hydropower in the energy mix and contributed to a reduction in power generated from natural gas. The estimated number of years for the two (2) producing fields, if natural gas production and consumption remain as they are, will be more than 9 years and 10 years for the Mnazi Bay and Songo Songo respectively. The natural gas from Ntorya field is expected to be on stream by July 2025. If the gas from Ntorya is produced at a projected plateau of 140MMscd after a buildup of two (2) years, the field is expected to run for eighteen (18) years before experiencing a decline.

The summary of the onshore natural gas recoverable reserve and the projected life span of gas-producing fields are indicated in Tables 12 and 13.

Table 12: Onshore natural gas proven reserve and projected life span of gas fields 2023/24

Field	Recoverable Annual Gas		Total Gas		Estimated no. of years remaining	End of life
	Reserve (BCF)	Production (BCF)	Produced until 2023 (BCF)	Remaining Reserve (BCF)		
Mnazi Bay	653.5	41.23	245.31	408.19	9.90	April, 2034
Songo Songo	1,025.41	41.62	597.43	427.98	10.28	September, 2034
Ntorya	1,067	51.1	0	1,067	20.88	March, 2046
Kiliwani	8.44	-	6.54	1.94	-	Suspended
TOTAL	2,754.35	133.95	849.28	1,905.11	-	-

Source: Independent Reserves Evaluation Reports, 2023 and Daily Gas Production Report to June 2024.

Table 13: Onshore natural gas proven reserve and projected life span of gas fields 2022/23

Field	2P Reserve Annual		Total Gas		Estimated no. of years remaining	End of life
	Estimate (BCF)	Production (BCF)	Produced until 2022 (BCF)	Remaining Reserve (BCF)		
Mnazi Bay	637.10	33.91	204.19	432.91	12.77	March, 2036
Songo Songo	1,073.50	49.54	555.61	517.89	10.45	November, 2033
Kiliwani	8.44	-	6.54	1.90	-	Suspended
TOTAL	1,719.04	83.45	766.34	952.7	-	-

Source: Independent Reserves Evaluation Report, 2022 and Daily Gas Production Report to June 2023.

c) HSE Compliance at Gas-Producing Fields

The Authority has continued monitoring Health, Safety and Environment (HSE) compliance to the gas-producing field as part of the regulatory requirement. For the year 2023/24, the Authority observed the petroleum operations activities in the two producing fields were generally conducted in adherence to HSE requirements. However, there was one environmental incident occurred at the Mnazi Bay producing field while at SongoSongo nothing occurred on the environmental part. Further, there were sixteen minor incidents occurred in both fields, thirteen in Mnazi Bay, and three in SongoSongo. All events were seriously taken care of by the contractors and hence no damage to the environment was made and to the personnel's well-being.

d) Forecasted Demand and Supply for Natural Gas

The financial year 2023/24 was characterized by stable gas production and supply from both Mnazi Bay and SongoSongo gas-producing fields. During the year under review, there was a decrease in natural gas production from SongoSongo gas-producing field.

The decrease was attributed to low downstream demands from customers, particularly TANESCO due to the commissioning of two (2) turbines at JNHPP which increased hydropower

in the energy mix and contributed to the reduction of power generated from natural gas. All fields were progressing well with production operations as planned.

e) Exploration Operations

In the financial year 2023/24 the contractor in the SongoSongo block continued with the 3D seismic data acquisition. The Authority participated and monitored the whole process of seismic data acquisition by ensuring that all operations were undertaken in compliance with the contractual agreements, license conditions, regulations, PURA rules and guidelines, international best industry practices and HSE requirements.

In addition, the Authority continued to undertake regulatory monitoring and administration of petroleum operations in exploration licenses including Tanga Block and Nyuni Area Block.

f) Pre-development Activities

In the financial year 2023/24, Block 1, 2 and 4 Operators continued with pre-development activities of their offshore gas discoveries which are expected to be commercialized through the Liquefied Natural Gas (LNG) project. Further, the Authority continued to follow up on the pre-development activities of the Ntorya Development License following the granting of the license by the Government.

In the Bigwa Rufuji Mafia (Mkuranga Location) there were no activities undertaken since the review of the application for a Development License was ongoing.

g) Reconnaissance Operations

In the financial year 2023/24, PURA continued to monitor and make follow-ups on the implementation of ongoing activities undertaken by TPDC in the Eyasi Wembere Block. TPDC has continued to undertake various activities in the Block including 2D seismic data acquisition; Up Hole drilling and Up Hole Sample Analysis which includes Geochemical, Micropaleontological and Palynological analyses and interpretations; procuring a consultant for the interpretation of 260 Line Km of 2D seismic acquired data; and procurement contractor and consultant for quality control to carry out the acquisition and processing of 1,100 Line Km of 2D infill Seismic data.

h) Permit and License Applications

In the financial year 2023/24, the Government through the Ministry of Energy granted an Extension Period of three years for the Exploration Licence to Afren Tanzania Ltd over the Tanga Block PSA. The Minister further granted the Development License for the period of twenty-five years over the Ntorya Field to ARA Petroleum.

i) Petroleum Data Management

For the year 2023/24 the Authority performed several activities in relation to petroleum data management. The petroleum data were formally managed by TPDC whereas following the

Petroleum Act CAP 392, PURA has been mandated to manage the petroleum national exploration and production database and work diligently towards declassifying data as it sees fit. The Authority performed digital petroleum data transfer from TPDC since 2021 and thus up to the end of June 2024, 95% of was transferred to the Authority database.

Moreover, the Authority prepared the offshore data packages that included seismic data, well logs, and reports for open offshore Blocks. The prepared data were provided to the multi-client agent for the promotion of open acreages, supporting the upcoming Tanzania mainland Licensing Rounds and geophysical services.

For the purpose of enhancing the upstream oil and gas subsector, the Authority prepared the updated Petroleum Activity Reference Maps. The activity map enables users to navigate through Blocks and obtain more information as per user requirements on a web browser interface. The Maps are available at the PURA website <https://www.pura.go.tz>.

j) Licensing Round Preparations

PURA on behalf of the Government has started preparations for the 5th Licensing Round. The preparations are currently underway whereby, during the financial year 2023/24 the following were performed before launching the 5th Licensing Round; the Authority recommended to the ministry the areas for amending the Petroleum Act, 2015, the Authority facilitated the review of the Model Production Sharing Agreement (MPSA), 2013 and developed the MPSA, 2024; and subcontracted the Multi-Client Geophysical Company to support licensing of the legacy petroleum data in offshore areas and the licensing round activity.

2.17 ACCOUNTABILITY AND AUDIT

The Authority's internal control systems have been designed to manage the risk of failure to achieve business objectives and provide reasonable assurance against material misstatement or loss. The control environment is strong with a robust organizational structure, risk identification and evaluation process, information and financial reporting systems, investment appraisal process, strong internal audit and a robust fraud management system. A review of the effectiveness of the system of internal controls is delegated and carried out by the Board Audit and Risk Management Committee.

In addition to overseeing the controls that are in place to guarantee the integrity of the financial information reported to stakeholders, the Board Audit and Risk Management

Committee is in charge of evaluating the effectiveness of the Authority's internal control systems, operations, and risk management.

As of 30th June 2024, the PURA Internal Audit Unit managed to conduct twenty audits out of twenty-three planned audit engagements. Further, the quarterly reports which were deliberated by the Board Audit and Risk Management Committee were submitted to the Internal Auditor General, PPRA and Ministry of Energy as required by laws.

2.18 AUDIT FOR PSA

Pursuant to the Petroleum Act (PA), Cap 392, PURA is mandated to audit all matters relating to the assessment, and collection of oil and gas revenue together with costs of exploration, production, development, and the sale of oil and gas.

As of 30 June 2024, PURA engaged in all PSA audits as planned. The audit engagements conducted during the financial year 2023/24 to the existing PSAs led to the disallowance of recoverable costs amounting to USD. 1,050,674.69 compared to USD. 5,176,950. in 2022/23. The cumulative costs amount to USD. 84,049,855.73 (2023/24) have been disallowed compared restated amount of USD. 82,999,181.04 (2022/23) from the PSA Cost Pool since PURA took over the PSA Audit engagements in the year 2016 from TPDC. As of June 2024, the cumulative costs which were still in dispute with the PSA contractors amounted to USD. 91,446,449.34. However, efforts are ongoing to sort out with IECs.

The Table 14 below indicates unadjusted amounts from each block for two years:

Table 14: Summary of Unadjusted Costs of IECs from PSA Audit

PSA BLOCK	UNADJUSTED AMOUNT (USD) 2023/24	UNADJUSTED AMOUNT (USD) 2022/23	UNADJUSTED AMOUNT (USD) 2021/22
BLOCK 1	17,197,114.82	13,356,069.87	13,356,069.87
BLOCK 4	16,750,685.63	12,458,507.71	12,458,507.71
BLOCK 2	39,746,452.66	21,890,913.32	22,661,402.68
KILOSA KILOMBERO	96,731.43	96,731.41	96,731.41
RUVU	1,372,241.85	-	-
MNAZI BAY	774,595.14	-	-
KILIWANI DEVT. LICENSE	-	32,681.71	14,096.33
NYUNI	-	309,999.87	20,147.94
RUVUMA	-	22,729.11	320,840.47
SONGO SONGO	15,508,627.81	16,193,891.81	13,962,338.40
SOUTH RUKWA	-	-	2,121,832.48
TOTAL	91,446,449.34	64,361,524.81	65,011,967.29

2.19 LOCAL CONTENT

Among the functions conferred to PURA under the Petroleum Act, Cap 392 is to promote local content including supporting National enterprises and Tanzanians to participate in the petroleum upstream industry. PURA has been monitoring the Implementation of Local Content as provided for in the Petroleum Act, Cap 392 and Petroleum (Local Content) Regulations, 2017.

In the year 2023/24, PURA and Dar es Salaam Maritime Institute (DMI) signed a Memorandum of Understanding (MoU) to facilitate the establishment of an internationally accredited safety and survival training centre in the country. Its establishment will enable Tanzanian oil and gas professionals and service providers aspiring to work or provide services in petroleum operations,

particularly in offshore petroleum operations, to undertake certification training courses such as Basic Offshore Safety Induction and Emergency Training (BOSIET) in the country.

In the area of enforcement, PURA continued to ensure that companies engaged in petroleum upstream operations in the country comply with local content legal and regulatory requirements. Through enforcement, the capacity of local service providers continued to increase. In addition to enforcement, PURA conducted several stakeholder engagement meetings to strategize and draw action plans to enhance local participation in strategic projects. Besides, PURA in collaboration with the National Economic Empowerment Council (NEEC) organized the Fourth Annual Local Content Forum attended by over 350 stakeholders from the public and private sectors to deliberate on pushing forward the local content agenda.

Further, PURA facilitated the preparation of the Petroleum (Corporate Social Responsibility) Guidelines for the Local Government Authorities where the petroleum operations are being undertaken. The guidelines were finalized and submitted to respective councils for approval procedures. Through such Guidelines, host communities will have room to provide opinions regarding projects proposed for CSR based on their priorities before they are implemented

2.20 KEY CHALLENGES

The Authority faced several challenges that affected the implementation of its planned activities. During the year 2023/24 the main challenge was insufficient funds to facilitate Authority operations.

2.21 THE WAY FORWARD

The Authority continued to make close follow-ups on; securing a permanent office building and finding new sources of revenue to facilitate the operations effectively.

2.22 FUTURE DEVELOPMENT

In the process of making the Authority fully operational and financially sound to undertake its operations, the following future developments are planned:

- i) Capacity building to its staff through facilitating them to attend various professional and technical training;
- ii) Construction of Petroleum Data Storage;

2.23 FINANCIAL PERFORMANCE HIGHLIGHTS FOR THE YEAR 2023/24

2.23.1 CASH FLOW AND BUDGET REVIEW

In the financial year 2023/24, a total of TZS 8,407,211,044 was collected from the own source revenue out of budgeted TZS 12,355,042,147 compared to TZS 6,560,063,931 collected in the previous year (2022/23) out of budgeted TZS 7,910,583,883. The increase of 28% from the

previous year was due to some of the contractors paying their respective fees promptly and the increase in gas production in the natural gas fields by 82.94 BCF.

On the part of Government Subventions, a total of TZS 4,203,264,547 was received during the year 2023/24 out of budgeted 7,914,678,200 compared to TZS 3,193,165,750 received in 2022/23 out of budgeted TZS 3,592,428,556. The increase of 24% was due to the efforts of the Government in enhancing the Authority's operations. The Government continued to facilitate the Authority's operations to a greater extent for efficient service delivery by the Authority. Table 15 highlights the cash performance based on the approved budget.

Table 15: Summary of Budget Estimates and Actual Values

Description	Approved Budget 2023/24	Actual 2023/24	Perform ance	Approved Budget 2022/23	Actual 2022/23	Perform ance
	TZS	TZS	%	TZS	TZS	%
Revenue Estimates						
Other Charges (OC)	1,774,035,900	1,596,632,310	90	1,807,380,556	1,112,293,350	62
Personal Emoluments (PE)	2,614,350,600	2,606,632,237	100	1,785,048,000	2,080,872,400	117
Development fund	3,526,291,800	-	0	-	-	-
Own Source	12,355,042,147	8,407,211,044	68	7,910,583,883	6,560,063,931	83
TOTAL REVENUE	20,269,720,347	12,610,475,591	62	11,503,012,439	9,753,229,681	85
Recurrent Expenditure						
PE	2,614,350,600	2,603,205,607	100	1,785,048,000	2,082,232,933	117
OC Recurrent Expenditure	1,774,035,900	1,596,632,310	90	1,807,380,556	1,219,304,897	67
OS expenditure	12,355,042,047	8,424,153,922	68	7,910,583,883	6,636,725,958	84
Development Expenditure	3,526,291,800	-	0	-	-	-
Carry over expenditure	-	-	-	1,628,112,882	1,545,615,110	95
Total Recurrent Expenditure	20,269,720,347	12,623,791,839	62	13,131,125,321	11,483,878,898	87

2.23.2 FINANCIAL STATEMENTS OVERVIEW

Revenue

Based on the statement of Financial Performance, the Authority's total revenue for the year 2023/24 was TZS 12,571,765,200 comprised of own source revenue and government grant. The Authority's own source revenue was TZS 8,128,536,848 in the year 2023/24 which is an increase of 17% from the previous year's (2022/23) revenue of TZS 6,951,491,331.

The revenue increase was mainly due to the increase in the volume of production for Natural Gas produced in the Songo Songo and Mnazi Bay fields by 82.94 BCF (2023/24) compared to (2022/23) which led to the increase in the fee charged in the production.

The Authority also received subvention funds from the Government and African Development Bank (AfDB) to facilitate its planned activities. A total of TZS 4,443,228,352 received during the year 2023/24 compared to TZS 3,340,752,610 in 2022/23 which is an increase of 33% as detailed in Note 19 (Revenue from Non-exchange transactions).

Expenditure

The total expenditure during the year under review was TZS 14,643,970,564 indicating an increase of 16% compared to the previous year's 2022/23 expenditures of TZS 12,641,569,837. The increase was mainly due to the increase in the Authority's operations including monitoring and other activities. The increase in expenditure was also associated with the increase in the number of staff (86 Staff) in year 2023/24 compared to (77 Staff) in the previous year. The Authority incurred various expenses in the financial year ending 30 June, 2024. These expenditures include;

i) Wages, Salaries, Employment Benefits and Other Staff-Related Costs

For the year ended June 2024, TZS 7,229,691,738 compared to year 2022/23 TZS 5,533,300,507 was spent on Wages, Salaries and other employee allowances. Salaries and other statutory contributions of the seconded staff were paid by the respective employers. The increase under this category was mainly due to the increase in the number of staff.

ii) Use of Goods and Service

During the year 2023/24, the expenditure incurred for the supplies of goods and services was TZS. 4,891,273,523 compared to 2022/23 TZS 4,318,134,044. The increase was due to more expenditures on procured office consumables, monitoring activities, and other administrative activities to facilitate operations of the Authority's planned activities.

iii) Acquisition of Property, Plant and Equipment

During the year 2023/24, the Authority made cash payment to acquired new Assets worth TZS 102,054,560 compared to TZS 1,320,810,568 spent in 2022/23. The decrease was mainly due to less expenditure spent on that category compared to the previous year's purchases.

iv) **Director's Fees and Other Board Expenses**

For the year 2023/24, the annual Director's fees worth TZS 47,570,000 (2022/23: TZS 50,500,000) were paid to the Board of Directors of PURA based on the Treasury Registrar's Circular No.1 of 2020. The decrease was due to the end of the tenure of some of lapse of the Board Members.

2.24 RELATED PARTY TRANSACTION

Details of related party transactions are contained in the Financial Statements for the year 2023/24 in comparison to 2022/23 on Note 31.

2.25 RELATIONSHIP WITH STAKEHOLDERS

The Authority's main stakeholders include the Ministry of Energy, Ministry of Finance and Planning, TPDC, International Energy Companies undertaking upstream activities, EWURA, NEEC, OSHA, NEMC, TRA, LGA's and other Government Agencies. During the year 2023/24 the Authority maintained a good relationship with these stakeholders as in the previous year

2.26 POLITICAL, SOCIAL AND CHARITABLE CONTRIBUTION

PURA played a positive role in the community by considering environmental and social impacts on its operations. During the year 2023/24, the Authority contributed a sum of TZS 34.82 million to the charitable and social communities through sponsorship of social events and normal charity contributions compared to TZS 25.1 million (2022/23). The donation was made to the following communities;

S/N	Charitable Institution/ Sponsorship event	2023/24
		TZS
1.	Tanzania Geological Society (TGS)	5,000,000
2.	Mtwara District Council	3,000,000
3.	Mkinga District - Tanga	5,000,000
4.	Kwetu Events International Group	2,000,000
5.	The Voice of Disabled Women in Tanzania (VODIWOTA)	3,820,000
6.	Asia Halamga Foundation	5,000,000
7.	Marafiki wa Maendeleo Handeni	3,000,000
8.	Energy conference Event	5,000,000
9.	Public Service Management & Good Governance	<u>3,000,000</u>
	Total	34,820,000

2.27 PREJUDICIAL ISSUES

In the financial year 2023/24 there were no prejudicial issues within the Authority the same to the financial year 2022/23.

2.28 PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors assumes final responsibility for the risk management and internal control system of PURA. 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 in order to provide reasonable assurance regarding the effectiveness of risk management, controls and governance processes.

PURA is exposed to a number of risks and uncertainties as discussed here under:

i. Operational Risks

PURA is exposed to operations risks that may arise from inadequate or failed of internal processes, people and system or from external events. However, PURA has adequate operational risk framework that cater for mitigation of these risks.

ii. Compliance Risks

These are risks which arise from violations or non-compliance with laws, regulations, and directives as well as from incorrect interpretation of relevant laws or regulations. PURA has adequate human and financial resources controls, which ensure that it complies with all laws, regulations and directives.

iii. Technical Risks

Refers to the possible impacts that could occur within PURA's technical operations when the system or the entire infrastructure for petroleum data storage does not work as anticipated.

Risk Management

PURA 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.

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

Internal Controls

PURA has policies, procedures and systems in place that have been designed to provide reasonable assurance on the integrity and reliability of its financial statements; and to adequately protect, verify and maintain accountability for its assets. These internal controls are implemented by qualified and trained personnel within a system characterized by checks and balances. The effectiveness of internal controls is monitored by the PURA's management, as well as by the Internal Audit Unit. All significant findings are reported to the Management and Audit Committee of PURA.

PURA and the internal audit unit are not aware of any material breakdown in the functioning of these internal controls and systems for the period under review.

2.29 CAPITAL STRUCTURE OF PURA

PURA is a Government institution established under Section 11 of the Petroleum Act, Cap 392 as an upstream regulatory authority. The capital structure of PURA as at 30 June 2024 was made up by Accumulated surplus of TZS 3,286,331,891 compared to the previous year (2022/23) TZS 5,358,537,255.

2.30 SOLVENCY

Since its establishment, the Authority has managed to finance its operations through sources specified under the Petroleum Act, Cap 392. The Directors consider the Authority to be solvent on the strength of its financial position as at 30 June 2024 as set in these financial statements and the Notes thereon.

2.31 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

PURA financial statements comply with Generally Accepted Accounting Practice as defined in the Public Finance Act, Cap 348 Section 30(1) and have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis. The financial statements have been prepared on a going-concern basis. Moreover, the financial Statements have been prepared in accordance with Public Finance Act CAP 348, Circulars, and Guidelines issued by the Accountant General's Department.

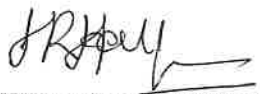
2.32 RESPONSIBILITY OF THE AUDITOR

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Authority present fairly the financial position, financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs), the Tanzania Financial Reporting Standard (TFRS 1) and the manner required by the Section 232(2) of the Petroleum Act, Cap 392 and the Public Finance Act, Cap. 348.

2.33 APPOINTMENT OF EXTERNAL AUDITOR

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 of 1977 as amplified under Section 30 (1) of the Public Audit Act Cap 418 [R.E 2021]. M/S ABA Alliance of P.O. Box 11621 Dar salaam located at PSSSF Commercial Complex, registered under Accountant and Auditors Registration Act of 1972 as amended in 1985 with PF Number 216 and TIN 107-712-089 were authorized to carry jointly audit of PURA with NAOT Staff for the financial year ended 30 June 2024.

By order of the Board



Mr. Halfani R. Halfani
Board Chairman

28/03/2025

Date



Eng. Charles Sangweni
Director General

28/03/2025

Date

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

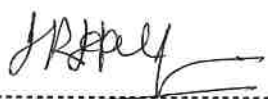
The Board of PURA is responsible for the preparation of the annual Financial Statements, which give a true and fair view of the entity's state of affairs and its operating results in accordance with International Public Sector Accounting Standards (IPSAS) on Accrual Basis, in conformity with Section 30(2) & (4) of the Public Finance Act Cap 348 (Revised 2020) and Section 232(2) of the Petroleum Act, Cap 392. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement, whether on account of fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances which provide reasonable assurance that the transactions recorded are within the statutory authority, and properly record the use of all public financial resources accordingly.

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period, and the records and underlying accounts provide a reasonable basis for the preparation of the financial statements for the year ended 30 June 2024.

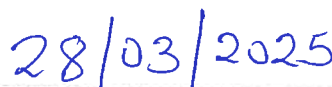
Procurement of goods, works and consultancy; and non-consultancy services to the extent that they are reflected in these financial statements have been undertaken in accordance with the Public Procurement Act, Cap. 410 and its Regulations.

The Board of PURA accepts responsibility for the integrity of these financial statements, the information they contained and their compliance with the Public Finance Act No. 6 of 2001 and its Regulations; Petroleum Act, Cap 392, International Public Sector Accounting Standards (IPSAS) Accruals basis; and Guidelines issued by National Board of Accountants and Auditors (NBAA) and Paymaster General.

In our opinion, nothing has come to the attention of the Management that the financial statements do not present fairly all material aspect of the operations of PURA and will remain a going concern for the next twelve months from the date of these statements.



Mr. Halfani R. Halfani
Chairman of the Board



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 with a declaration issued by the Head of Finance/Accounting responsible for the preparation of Financial Statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Public Sector Accounting Standards (IPSAS) Accrual Basis and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under the Responsibility statement by Those Charged with Governance on an earlier page.

I CPA(T) Kebwe K Kichanta, Finance and Accounts Manager of PURA, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that, the financial statements give a true and fair view position of PURA as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: Ag. Finance and Accounts Manager

NBAA Membership No.: ACPA 4969

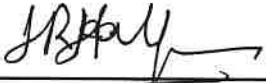
Date: 28/03/2025

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	2023/24 TZS	2022/23 TZS RESTATED
ASSETS			
Current Asset			
Cash and Cash Equivalent	11	20,499,352	33,815,600
Receivable from exchange transactions	12	609,987,916	2,263,626,262
Receivables from non-exchange transactions	13	67,342,988	174,169,777
Inventory	14	<u>40,473,087</u>	<u>56,825,112</u>
Total Current Asset		738,303,343	2,528,436,751
Non-Current Asset			
Property, Plant and Equipment	15	2,522,892,863	2,490,546,773
Intangible Assets	16	<u>606,202,026</u>	<u>697,103,390</u>
Total Non-Current Asset		3,129,094,889	3,187,650,163
TOTAL ASSETS		3,867,398,232	5,716,086,914
LIABILITIES			
Current Liabilities			
Payables and Accruals	17	576,583,802	357,549,659
Deferred Income	18	<u>4,482,539</u>	-
Total Current Liabilities		581,066,341	357,549,659
NET ASSETS/EQUITY			
Capital Contributed by:			
Accumulated Surpluses		<u>3,286,331,891</u>	<u>5,358,537,255</u>
Total Net Assets		3,286,331,891	5,358,537,255
TOTAL NET ASSETS & LIABILITIES		3,867,398,232	5,716,086,914

The accompanying notes on pages 50 to 78 are integral part of these financial statements.


 Halfani Halfani
 Board Chairman

28/03/2025
 Date


 Eng. Charles Sangweni
 Director General

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS	2022/23 TZS RESTATED
Revenue			
Revenue from Non-Exchange Transactions	19	4,443,228,352	3,340,752,610
Revenue from Exchange Transactions	20	<u>8,128,536,848</u>	<u>6,951,491,331</u>
Total Revenue		12,571,765,200	10,292,243,941
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	21	7,229,691,738	5,533,300,507
Use of Goods and Service	22	4,891,273,523	4,318,134,044
Maintenance Expenses	23	108,690,053	85,607,127
Other Expenses	24	200,269,593	191,173,000
Expected Credit Loss	25	1,374,964,150	645,577,312
Amortization & Depreciation	27	<u>459,081,507</u>	<u>1,627,777,847</u>
Total Expenses		14,263,970,564	12,401,569,837
Transfer			
Contribution to consolidated fund	26	<u>380,000,000</u>	<u>240,000,000</u>
Total Transfer		<u>380,000,000</u>	<u>240,000,000</u>
TOTAL EXPENSES AND TRANSFERS		14,643,970,564	12,641,569,837
Deficit for the year		(2,072,205,364)	(2,349,325,896)

The accompanying notes on pages 50 to 78 are integral part of these financial statements.



 Halfani Halfani
 Board Chairman

28/03/2025

 Date



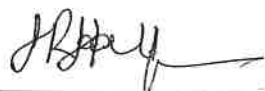
 Eng. Charles Sangweni
 Director General

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Accumulated Surplus/(Deficit)	Total
	TZS	TZS
Opening Balance as at 1 July 2023	5,358,537,255	5,358,537,255
Deficit for the Year	(2,072,205,364)	(2,072,205,364)
As at 30 June 2024	3,286,331,891	3,286,331,891
RESTATED		
Opening Balance as at 1 July 2022	7,707,863,151	7,707,863,151
Deficit for the Year	(2,349,325,896)	(2,349,325,896)
Closing Balance as at 30 June 2023	5,358,537,255	5,358,537,255
Opening Balance as at 1 July 2022	7,707,863,151	7,707,863,151
Deficit for the Year	(2,230,624,934)	(2,230,624,934)
Closing Balance as at 30 June 2023	5,477,238,217	5,477,238,217

The accompanying notes on pages 50 to 78 are integral part of these financial statements.



Halfani Halfani
Board Chairman

28/03/2025

Date



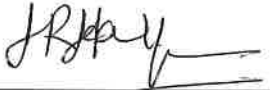
Eng. Charles Sangweni
Director General

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS	2022/23 TZS
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Own source	38(ii)	8,407,211,044	6,560,063,931
Government Subventions & Donor Grant	38(i)	<u>4,203,264,547</u>	<u>3,193,165,750</u>
Total Receipts		12,610,475,591	9,753,229,681
PAYMENTS			
Wages, Salaries and Employee Benefits	38(iv)	7,255,316,681	5,433,043,480
Use of Goods and Service	38(v)	4,593,812,975	4,190,698,647
Cash paid to Consolidated Fund	26	380,000,000	240,000,000
Maintenance and Other Expenses	38(vi)	<u>292,607,621</u>	<u>299,326,203</u>
Total Payments		12,521,737,277	10,163,068,330
NET CASH FLOW FROM OPERATING ACTIVITIES		88,738,314	(409,838,649)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	38(iii)	<u>(102,054,562)</u>	<u>(1,320,810,568)</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		(102,054,562)	(1,320,810,568)
Net Increase in cash and cash equivalent		(13,316,248)	(1,730,649,217)
Cash and cash equivalent at beginning of period		<u>33,815,600</u>	<u>1,764,464,817</u>
Cash and cash equivalent at end of period		20,499,352	33,815,600

The accompanying notes on pages 50 to 78 are integral part of these financial statements.


 Halfani Halfani
 Board Chairman

28/03/2025
 Date

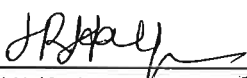

 Eng. Charles Sangweni
 Director General

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2024

	Original Budget	Reallocations/A adjustments	Final Budget	Actual Amount on Comparison Basis	Different Final Budget & Actual (B-A)
	TZS A	TZS B	TZS C=(A+B)	TZS D	TZS E=(C-D)
RECEIPTS					
Fund received from the Government	7,839,595,700	75,082,500	7,914,678,200	4,203,264,547	3,711,413,653
Revenues from exchange transactions	12,355,042,147	-	12,355,042,147	8,407,211,044	3,947,831,103
Total Receipts	20,194,637,847	75,082,500	20,269,720,347	12,610,475,591	7,659,244,756
PAYMENTS					
Grant, Subsidies and Transfer payments	20,400,000	-	20,400,000	-	20,400,000
Maintenance Expenses	255,200,000	51,340,000	306,540,000	292,607,621	13,932,379
Use of goods and services	8,665,670,840	285,568,570	8,951,239,410	4,593,812,975	4,357,426,435
Wages, Salaries and Employee Benefits	8,254,323,770	(267,563,070)	7,986,760,700	7,255,316,681	731,444,019
Other transfers	380,000,000	-	380,000,000	380,000,000	-
Other Expenses	336,825,335	5,737,000	342,562,335	-	342,562,335
Acquisition of Property Plant and Equipment	2,272,217,902	-	2,272,217,902	102,054,562	2,170,163,340
Acquisition of Intangible Assets	10,000,000	-	10,000,000	-	10,000,000
Total Payment	20,194,637,847	75,082,500	20,269,720,347	12,623,791,839	7,645,928,508
Net Receipts/(Payments)				(13,316,248)	13,316,248

The budget and financial statements are prepared on a different basis. The budget has been prepared on a cash basis while financial statements have been prepared on IPSAS Accrual basis. The statement of comparison of budget and actual amount above has been prepared on the same basis as the budget. Additional information about the budget and a reconciliation of the amount as per the above statement and the actual amount in the statement of cash flows is disclosed on note 38 of the financial statement.


Halfani Halfani
Board Chairman

28/03/2025
Date


Eng. Charles Sangweni
Director General

6.0 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. GENERAL INFORMATION

Establishment of PURA

The Petroleum Upstream Regulatory Authority (PURA), is the regulatory authority established under Section 11 of the Petroleum Act, 2015 (Act No. 21 of 2015) with the mandate to regulate and monitor petroleum upstream operations and LNG activities in the Mainland Tanzania and providing advisory services to the Government and the Minister responsible for petroleum affairs.

The mandate is underpinned in several Policy and legal instruments including: the National Energy Policy, 2015; the Petroleum Act, 2015; the Oil and Gas Revenue Management Act, 2015 and the Tanzania Extractive Industries (Transparency and Accountability) Act, 2015. The Oil and Gas Revenue Management Act of 2015 requires PURA to carry out or cause to be carried out costs and revenues audit of the petroleum operations. The Extractive Industry (Transparency and Accountability) Act, 2015 also requires PURA to observe transparency and accountability in its undertakings. PURA mandate is further derived from the National Energy Policy, 2015 which gives guidance on establishment of upstream regulator to effectively and efficiently manage petroleum upstream operations.

PURA is located. PURA office is located on the 6 Floor, TANESCO building, Samora Avenue in Dar es Salaam, P.O. Box 11439, 11474 Dar es Salaam. Tel: +255 22 2111223, Fax No 255 22 2120799, Email: dg@pura.go.tz

Reporting Entity

The reporting entity of these financial statements is the Petroleum Upstream Regulatory Authority under the Ministry of Energy.

Statement of Compliance and Basis of Preparation

PURA financial statements comply with the International Public Sector Accounting Standards (IPSAS). The financial statements have been prepared on accrual basis and the accounting policies have been applied consistently throughout the period. Moreover, the financial Statements have been prepared in accordance with Public Finance Act CAP 348, Circulars and Guidelines issued by the Accountant General's Department.

Basis of Measurement

The financial statements have been prepared in accordance with the historical cost and accrual bases unless stated otherwise. The measurement base applied is historical cost adjusted for revaluation of assets to ascertain the deemed cost. The financial statements are presented in Tanzania Shillings (TZS) and have been rounded off to the nearest shilling.

Authorization Date

The date of authorization of these financial statements will be the date of signing the statements by the Board of Directors of PURA and after CAG has tabled its report to the Parliament.

Change in Accounting Policy

The introduction of IPSAS 41 substantially modifies IPSAS 29 by classifying financial assets and liabilities through a principles-based classification model. The standard was released for the first time in 2018 and has become applicable with effect from 1 January 2023 whereby PURA is applying it for the first time in the financial period ended 30 June 2024. The standard provides a single forward-looking model that eliminates the threshold for impairment recognition. It is no longer necessary for a trigger event to occur prior to recognizing a credit loss. Thus, IPSAS 41 requires recognizing ECLs from day one and all times.

The Impact of Change in Accounting Policy

The impact of introducing IPSAS 41 is the emergence of Expected credit loss /gain in the Financial Statements by having different Cash and Cash Equivalent figures reported in the Statement of Financial Position and the Statement of Cash flows with Exposure at Default (EAD) (Balance) at the end of the financial year.

Impact of IPSAS 41 on the Receivables from Exchange Transactions

After applying the model and economic variable assumptions, the Expected Credit Losses on Receivable are determined as below:

	2024	2023
	TZS	TZS
Private	2,020,541,462	645,577,312
Government	-	-
Expected Credit Losses	2,020,541,462	645,577,312
Provision for ECL previously reported	645,577,312	-

Movement in the ECL provision

	2024	2023
	TZS	TZS
Opening balance	645,577,312	-
Additional during the year	1,374,964,150	645,577,312
	2,020,541,462	645,577,312
Provision no longer required	-	-
Provision for ECL c/f	2,020,541,462	645,577,312

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

	2024	2023
	TZS	TZS
New provision required	1,374,964,150	645,577,312
Provision previously provided	-	-
Additional provision in compliance with IPSAS 41	1,374,964,150	645,577,312

Impact of IPSAS 41 on Cash and Cash Equivalent.

The Authority operates with the following Banks with global ratings and Probability of Default (PD) as provided in the table below.

No	Name of the Bank	Rating Agency	Score	Probability of Default (PD) %
1	BOT	MOODY'S	B1	Nil
2	NMB	MOODY'S	B1	2.16

During the year a significant amount of fund balance was maintained under Bank of Tanzania Bank, where the Exposure at Default is zero, and in the National Micro-finance Bank (NMB) where there was nil balance at the year end.

The Authority cash and cash equivalent significantly changed due to the application of the standards hence bringing changes in a liquidity position, the current ratio dropped from 7:4 to 1:3.

Impact of IPSAS 41 on the prior year financial statement (Re-statement)

The effect of the application of the standard resulted into a restatement of the balances as shown in the table below:

DESCRIPTION	TRADE RECEIVABLES	ACCUMULATED SURPLUS	REASON
FINANCIAL YEAR 2022/23	2,909,203,574	5,477,238,217	
EXPECTED CREDIT LOSS	645,577,312	118,700,962	Change in
RESTATED BALANCE	2,263,626,262	5,358,537,255	Accounting Policy

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to both periods presented in these financial statements.

v) Revenue recognition

Revenue involves the gross inflows of economic benefits or services potential received and receivable by the entity, and these benefits can be measured reliably. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The revenue of PURA is categorized as revenue from Exchange Transactions (Fees) and Non-Exchange Transactions (Others).

Revenue from Exchange Transactions

Revenue from Exchange Transactions is governed by IPSAS 9. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Revenue from exchange transactions is derived from Sale of goods or provision of services to third parties, Sale of goods or provision of services to other government agencies and the use by others of entity assets yielding interest, royalties and dividends. Revenue is recognized only when it is probable that the economic benefits or service potential associated with transaction will flow to the Authority. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized. PURA recognized revenue from data viewing, reconnaissance permit fees and; exploration and production levies in the performance statement and the asset recognition criteria are met in the financial position.

Revenue from Non-Exchange Transactions

These are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Revenue from non-exchange transactions includes Government subventions and assistance received from the government and other donors.

PURA recognized data fees, reconnaissance permit fees, exploration levies, production levies and transfers from donors or other government entities, measured at fair value and recognized on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the entity and can be measured reliably. The followings were the types of non-exchange transactions recognized by PURA in 2023/24;

1. Deferred Income Capital

This relates to capital grant received in which the related expenditures have not been incurred, therefore the amount is deferred to the next financial period. Grants received in monetary form for capital expenditure are recognized as deferred income-capital in the statement of Financial Position and are released to the statement of performance during the useful life of the respective non-monetary assets.

2. Government Grants

Government grants are not recognized until there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received. The grants whose primary condition is that the Authority should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and

transferred to statement of financial performance on a systematic and rational basis over the useful lives of the related assets.

Other grants are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

The Authority received assets from the Government through the AfDB loan in year 2023/24 under the institutional support project for domestic resource mobilization and natural resources governance coordinated by TPDC which were recognized also as revenue.

3. Other Transfers

Are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. For the Authority, Other transfers include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other government entities. These are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.

Services-in-kind are not recognized as revenue, but are disclosed in the Financial Statements. However, during the year under review there was no such transaction.

4. Foreign Currency Translations

i) Functional and presentation currency

Items included in the financial statements of PURA are measured using the currency of the primary economic environment in which the Government of Tanzania operates ("the functional currency"). These financial statements are presented in Tanzanian Shillings (TZS), which is the Government's functional and presentation currency.

ii) 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 from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

iii) Cash and cash equivalents

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, and is measured at amortized cost. For the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

iv) Inventories

Inventories are assets in the form of materials or supplies to be distributed in the ordinary course of operations. The Authority recognizes the expenses of inventories when are issued rather than based on purchases. The Authority applies just in time in purchasing goods. Furthermore, the inventories are recognized at lower and current replacement costs.

v) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Authority's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. In the financial year 2023/24 the significant issues were as follows;

The figures of Property Plant and Equipment have been affected by the estimates of useful life to non-current assets and judgment on the method for depreciation calculation.

During the year ended 30 June 2024, the Authority reassessed the estimated useful life of its intangible assets to comply with the revised Government Public Finance (Management of Property) Regulations. As a result, the useful life was extended from 3 years to 10 years, leading to a change in the amortization rate from 33.33% to 10%.

This adjustment resulted in a reduction in amortization expense by TZS 963,643,812 compared to the previous year. In accordance with IPSAS 3 - Accounting Policies, Changes in Accounting Estimates, and Errors, this change has been applied prospectively and will impact future financial periods accordingly.

vi) Comparatives

Prior year's figures have been restated to incorporate the impacts of prior period changes in accounting policy as detailed in Note 23. Furthermore, where necessary, the comparative figures have been reclassified to conform to changes in presentation in the current year.

vii) Accounting for Leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

viii) Employee benefits

Employee benefits are accounted for as follows:

5. Defined contribution plans

PURA through the government makes statutory contributions to the Public Service Social Security Funds. PURA obligations in respect of contributions to such funds are 15% of the employees' gross emoluments. Contributions to pension funds are recognized as an expense in the period the employees render the related services.

6. Staff Health benefit

Health insurance (Health benefits) was provided to employees to enhance their welfare such that contributions are made by the employer and employee, each contributing 3% based on the gross salary of an employee.

7. Property, Plant and Equipment

a) Recognition

- i) All property, plant, and equipment are stated at cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.
- ii) Items of property and equipment shall be recognized as assets if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.
- iii) Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item depreciated separately.
- iv) Repairs and maintenance are recognized in the Statement of Financial Performance during the financial period in which they are incurred.
- v) The Authority recognizes items of property and equipment upon disposal or when no future economic benefits or service potential is expected from its continuing use.
- vi) The gain or loss arising on de-recognition of an item of property, plant and equipment is included in the Statement of Financial Performance, unless where IPSASs requires otherwise on a sale and leaseback. The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

b) Depreciation

Land is not depreciated; however, one of the fundamental principles of the Land Policy that has been incorporated in the Land Act, 1999 is that when one is assessing compensation of land, one of the factors to consider is the market value of the land or a real property.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost of asset less any estimated residual value over its remaining useful life. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

in the manner intended by management. Depreciation of an asset ceases at the date that the asset is derecognized in accordance with IPSAS 17 para 71. Authority complies with the Public Finance (Management of Public Property) regulations, 2024 issued through Government Note 373 and 380 announced on 17th May 2024.

The Authority's property, plant, and equipment estimated usefully are as follows: -

Description	Useful life (years)	Percentage (%)
Administration assets		
Land	Not Depreciated	-
Buildings: office	50	2
Furniture and fixtures	10	10
Office Equipment	10	10
Network/Telecom Equipment	10	10
Plant and Machinery (Generator)	15	6.67
Motor vehicles: light duty (below 5 tons)	10	10
Computer (Desktops and Laptops)	8	12.5
Intangible asset	10	10
Server	10	10

c) Judgments

In the process of applying the Authority's accounting policies, Management has made judgments, which have the most significant effect on the amounts recognized in the financial statements. Judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e) Amortization

The intangible asset with a finite life is amortized over its useful life as follows: -

Description of Intangible Asset Category	Useful Life (Years)
Application software	8-10

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the Statement of Financial Performance as the expense category that is consistent with the nature of the intangible asset.

The useful lives of intangible assets are assessed to be finite. Intangible assets with a finite life are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Financial Performance when the asset is de-recognized.

vii) Related Party

PURA 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 Authority. The Board of Directors and Management personnel together constitute the governing and management of the Authority respectively.

viii) Events after the Reporting date

Events after the reporting period are those events, favorable and unfavorable that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified;

- i) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- ii) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

iii) Financial Instruments

PURA recognizes a financial asset or a financial liability in its statement of financial position when, and only when, PURA becomes a party to the contractual provisions of the instrument.

Financial Assets

Initial and Subsequent Measurement of Financial Assets

Financial assets are initially measured at fair value and subsequently measured as per the following criteria:

- i) The management model within which the Financial Asset is held.
- ii) The characteristics of contractual cash flows are solely payments of Principal and Interest.

Classification of Financial Assets

Classification is based on the criteria mentioned above, as a result, the following classes of financial instruments arise namely;

- i) Financial assets at Amortized Cost,
- ii) Financial asset at Fair Value through Net asset/ Equity, and
- iii) Financial asset at Fair Value through Surplus or Deficit.

Financial Assets at amortized Cost

Financial Assets are subsequently measured at Amortized Cost if both of the following conditions are met;

- i) The financial asset is held within a management model whose objective is to hold financial assets to collect contractual cash flow and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding this includes Cash and Cash Equivalent.

Financial Assets at Fair Value through Net Assets/Equity

Financial assets are subsequently measured at fair value through net assets or equity if both of the following conditions are met;

- i) The financial asset is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
- ii) The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at Fair Value through Surplus/Deficit

Financial Assets are subsequently measured at Fair Value through Surplus /Deficit unless they are measured at amortized costs or fair values through net assets/equity based on the conditions mentioned above.

Impairment of Financial Assets

The impairment of financial assets is calculated using the **Expected Credit Losses Model**. The entity recognizes loss allowances [Expected Credit Losses (ECL)] on all financial assets except those are measured at FVTSD and credit-impaired financial assets. The Authority uses the **simplified approach** in determining the impairment of its Receivables. A loss allowance is calculated at each reporting date however, the ECL model is updated on annual basis to accommodate any event that might cause a significant increase in credit risks on financial assets. The term 'expected credit loss' does not imply that losses are anticipated, but rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in the credit risk of the financial asset since initial recognition.

Loss allowances for ECL are presented in the statement of financial position as follows: The financial assets are measured at amortized cost as a deduction from the gross carrying amount of the assets.

ECL Measurement for Cash and Cash Equivalent

EAD is based on the amounts the Authority expects to be owed at the time of default, over the next 12 months (12M EAD), or the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for each future month and each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

ECL Measurement for Trade Receivables

The Authority reviews its financial assets measured at amortized cost at each reporting date to assess whether an impairment loss should be recognized in surplus or deficit. In particular,

judgment by the Management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about several factors and actual results may differ, resulting in future changes in the impairment. The Authority makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the rating outcome, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.

De-recognition of financial instruments

Financial assets will be derecognized when, and only when:

- i) The contractual rights to the cash flows from the financial asset expire or are waived; or
- ii) It transfers the rights to receive the contractual cash flows in a transaction in which either:
 - 1. Substantially all of the risks and rewards of ownership of the financial assets are transferred; or
 - 2. The Entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the entity enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

FINANCIAL LIABILITIES

Recognition

Financial liabilities are recognized when the Authority has a contractual obligation to deliver cash as a result of goods or services received.

Measurement

Financial liabilities are initially measured at fair value and net gains and losses, including any interest expense, are recognized in surplus or deficit. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in surplus or deficit. Any gain or loss on de-recognition is also recognized in surplus or deficit.

De-recognition

The Entity derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Entity also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in surplus or deficit.

iii) Contingent Liability and Contingent Asset

Contingent liabilities are present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

iv) Budgetary Information

The budget is prepared on the basis of income and expenditure. The budget is partly approved through Parliamentary allocation along with that of the Ministry of Energy (MOE) and partly by the Board of Directors relating to funds raised through Own Source. Financial statements are prepared on an accrual basis. A reconciliation is made between accrual based financial statements and budget basis which is on the cash basis for comparative purposes. The budget covers the operations of PURA as a separate entity.

The budget covers a period of twelve months from 1 July to 30 June year. The budget reallocation within a scope of 7% is approved by the Board of Directors whereas if the reallocation exceeds 7% it will require the approval of the Treasury Registrar.

v) Provisions

Provisions are recognized when the Authority has a present or constructive obligation as a result of past events which is probable will result in an outflow of economic benefits that can be measured reliably. During the year 2022/23, the Authority made a full amount provision for the long outstanding debt of TZS 526,876,350 for Swala Oil and Gas (T) Ltd which is under liquidation. The amount was for the exploration fees which were not settled by the contractor. In the financial year 2023/2024 the issue was still ongoing and the outstanding was not settled.

i) **LEASE ARRANGEMENT**

The Authority has a lease arrangement with the building holder PSSSF in the Dodoma and Dar es Salaam office. The lease with PSSSF is an operating lease. Rentals payable under operating leases are charged as an expense to the statement of financial performance on a straight-line basis over the term of the relevant lease. Contingent rentals arising under the operating lease are recognized as an expense in the period in which they are incurred.

ii) **CAPITAL COMMITMENTS**

The Authority had capital commitments of TZS 51,389,000 for the supply of computers in the financial year 2023/24 while in the financial year 2022/23 was TZS 14,000,700.

iii) **IPSASs ISSUED BUT NOT YET EFFECTIVE**

New and amended standards and interpretations issued but not yet effective include:

1. IPSAS 43 - Leases

IPSASB approved IPSAS 43, Leases with an effective date of January 1, 2025. IPSAS 43 supersedes IPSAS 13, *Leases* and introduces the right-of-use model for lessees, aligning with IFRS 16, *Leases*. The IPSASB will continue consideration of public sector specific leasing issues, such as concessionary leases, in its Other Lease-Type Arrangements project. The Authority is currently assessing the impact of the standard.

2. IPSAS 44 - Non-Current Assets Held for Sale and Discontinued Operations

In May 2022 IPSASB issued IPSAS 44 that specifies the accounting for assets held for sale and the presentation of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- i) Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- ii) Presented separately in the statement of financial position and results of discontinued operations to be presented separately in the Statement of financial performance.

IPSAS 44 will be effective for periods beginning on or after January 1, 2025.

3. IPSAS 45 - Property, Plant, and Equipment

This standard provides guidance on accounting for Property, Plant and Equipment so that users of Financial Statements can discern information about an entity's investment in its PPE and the changes in such investment. The standard applies to PPE used to develop or maintain the biological assets related to agricultural activity other than bearer plants, Mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources and the recognition and measurement of exploration and evaluation assets. IPSAS 45 removed IPSAS

17's scope exclusion of Heritage Asset. This standard will be effective on 1 January 2025 with earlier application permitted.

4. IPSAS 46 - Measurement

The objective of this Standard is to define measurement bases that assist in reflecting fairly the cost of services, operational capacity and financial capacity of assets and liabilities. The Standard identifies approaches under those measurement bases to be applied through individual IPSAS to achieve the objectives of financial reporting. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 46, Measurement in measuring assets and liabilities. The measurement requirements described in this Standard apply to both initial and subsequent measurement, unless specific guidance is included in the individual IPSAS. IPSAS 46 will be effective for periods beginning on or after January 1, 2025.

5. IPSAS 47 - Revenue

IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. To meet this objective requires an entity to consider the terms of the transaction, and all relevant facts and circumstances, to determine the type of revenue transaction and set out the accounting requirements to account for the revenue transaction. IPSAS 47 will be effective for periods beginning on or after January 1, 2026.

6. IPSAS 48 - Transfer Expenses

The objective of this standard is to establish the principles that a transfer provider (an entity) shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. To meet the objective, this Standard requires an entity to consider the terms of the transaction and all relevant facts and circumstances to determine the type of transfer expense transaction and set out the accounting requirements for the transfer expense transaction. IPSAS 48 will be effective for periods beginning on or after January 1, 2026.

7. IPSAS 49 Retirement Benefit Plans

The effective date of this standard is on or after 1 January 2026.

Standard establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members. The standard replaces IPSAS 39.

8. IFRS S1

The objective of IFRS S1 (General Requirements for Disclosure of Sustainability related Financial Information) is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The Standard requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. This Standard also prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to primary users in making decisions relating to providing resources to the entity. The standard is effective for annual periods beginning on or after January 1, 2024.

9. IFRS S2

The objective of IFRS S2 (Climate-related Disclosures) is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The Standard requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. Climate-related risks to which the entity is exposed includes; climate-related physical risks and climate-related transition. The standard is effective for annual periods beginning on or after January 1, 2024.

10. Foreign Currency Transactions

10.1 Functional and Presentation Currency

Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the Authority operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS') which is the Authority's functional and presentation currency. The Tanzanian Shilling closing rate used by PURA for major currencies is presented below;

Currency	2023/24	2022/23
United States Dollar (USD) Exchange Rates	2,613.86	2,315.16

Source: Bank of Tanzania published exchange rates

10.2 Transactions and Balances

Monetary assets and liabilities denominated in foreign currency at reporting date are restated in Tanzanian shillings using the rate ruling at the reporting date. Exchange gains and losses are dealt with in the Statement of Financial Performance in the year in which they arise.

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

11. CASH AND CASH EQUIVALENT

	2023/24	2022/23
	TZS	TZS
BOT Collection Account (TZS)	-	994,926
BOT Expenditure Account (TZS)	20,499,352	28,393,849
NMB Imprest Cash Account (TZS)	-	2,910,000
BOT Collection Account (USD)	-	<u>1,516,825</u>
Total	20,499,352	33,815,600

12. RECEIVABLE FROM EXCHANGE TRANSACTIONS

	2023/24	2022/23
	TZS	TZS
Trade Receivables	2,630,529,378	2,909,203,574
Less: Provision for Expected Credit Loss Receivable	<u>(2,020,541,462)</u>	<u>(645,577,312)</u>
Total	609,987,916	2,263,626,262

(b) Movement in provision for impairment

At start of year	(645,577,312)	-
Increase in provision for the year	<u>(1,374,964,150)</u>	<u>(645,577,312)</u>
At end of year	(2,020,541,462)	(645,577,312)

The Authority considers the carrying amount of trade and other receivables from non-exchange transactions to approximate their fair value. No interest was charged on trade and other receivables.

13. RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

	2023/24	2022/23
	TZS	TZS
Advanced to GPSA for the acquisition of M/Vehicle	-	168,676,753
Imprest receivable - staff	-	-
	63,332,390	
Consumables prepayment- fuel	<u>4,010,598</u>	<u>5,493,024</u>
Total	67,342,988	174,169,777

14. INVENTORY

	2023/24	2022/23
	TZS	TZS
Consumables	<u>40,473,087</u>	<u>56,825,112</u>
Total	40,473,087	56,825,112

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

15. PROPERTY, PLANT AND EQUIPMENT (PPE)

YEAR ENDED 30 JUNE 2023/24	COMPUTER AND FURNITURE RELATED EQUIPMENT	AND FITTINGS	OFFICE EQUIPMENT	MOTOR VEHICLE	LAND	TOTAL
COST	TZS	TZS	TZS	TZS	TZS	TZS
As at 1 July 2023	1,721,295,208	155,677,403	1,437,415,771	239,628,196	160,840,000	3,714,856,578
Additions - Cash	55,889,002	35,954,600	10,210,960	-	-	102,054,562
Additions - Transfer from Prior year prepayments	-	-	-	141,574,922	-	141,574,922
Additions - non-monetary	-	-	156,896,748	-	-	156,896,748
At the end of year	1,777,184,210	191,632,003	1,604,523,479	381,203,118	160,840,000	4,115,382,810
ACCUMULATED DEPRECIATION						
At the start of year	793,229,163	67,476,028	271,747,139	91,857,475	-	1,224,309,805
Charge for the year	175,449,792	14,237,749	147,043,560	31,449,041	-	368,180,142
At the end of year	968,678,955	81,713,777	418,790,699	123,306,516	-	1,592,489,947
Net Book Value	808,505,255	109,918,226	1,185,732,780	257,896,602	160,840,000	2,522,892,863
YEAR ENDED 30 JUNE 2022/23						
COST						
At 1st July 2022	1,478,669,819	151,277,403	282,483,732	239,628,196	94,400,000	2,246,459,150
Additions	242,625,389	4,400,000	1,154,932,039	-	66,440,000	1,468,397,428
At the end of year	1,721,295,208	155,677,403	1,437,415,771	239,628,196	160,840,000	3,714,856,578
ACCUMULATED DEPRECIATION						
At the start of year	492,394,896	36,633,881	78,116,521	43,931,836	-	651,077,134
Charge for the year	300,834,267	30,842,147	193,630,618	47,925,639	-	573,232,671
At the end of year	793,229,163	67,476,028	271,747,139	91,857,475	-	1,224,309,805
Net Book Value	928,066,045	88,201,375	1,165,668,632	147,770,721	160,840,000	2,490,546,773

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

16. INTANGIBLE ASSETS

Intangible assets (consisting of Computer software) are measured at a cost on initial recognition. Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

For the year 2023/24, amortization charge amounting to TZS 90,901,364 was recognized in the statement of financial performance, and the carrying value of intangible assets shown in the statement of financial position amounting to TZS 606,202,026.

	2023/24 TZS	2022/23 TZS
Cost		
As at 1 July	3,166,802,330	3,166,802,330
Add; Acquisition during the year	-	-
Less: Disposal during the year	-	-
At 30 June	3,166,802,330	3,166,802,330
Amortization		
As at 1 July	2,469,698,940	1,415,153,764
Charge for the year	<u>90,901,364</u>	<u>1,054,545,176</u>
At 30 June	2,560,600,304	2,469,698,940
Net carrying amount as at 30 June	<u>606,202,026</u>	<u>697,103,390</u>

17. PAYABLES AND ACCRUALS

Trade payables	394,215,065	220,025,432
Withholding tax	1,358,129	478,395
Audit fee payable	88,252,200	80,063,000
Unapplied deposit account	3,908,561	5,840,432
Staff claims	<u>88,849,847</u>	<u>51,142,400</u>
	<u>576,583,802</u>	<u>357,549,659</u>

18. DEFERRED INCOME

The deferred income amounting to TZS 4,482,539 referred to the fund received from the Government to facilitate the Authority's operations (Other Charges) but was not amortized to impact the revenue received. The deferred income for the year 2023/24 comprised of the salary deduction funds received from the Government not yet amortized.

DEFERRED MOVEMENT

Opening balance 1 July 2023	-
Received during the year	1,598,975,887
Charged during the year	(1,594,493,348)
Closing balance 30 June 2024	4,482,539

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

19. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2023/24	2022/23
	TZS	TZS
Government Subvention (OC)	1,594,493,348	1,112,292,350
Personal Emolument (PE)	2,604,288,660	2,080,873,400
Subvention non-monetary- revenue (AfDB)	<u>244,446,344</u>	<u>147,586,860</u>
Total	4,443,228,352	3,340,752,610

20. REVENUE FROM EXCHANGE TRANSACTIONS

	2023/24	2022/23
	TZS	TZS
Service Levy on production & exploration	6,900,391,027	5,587,302,455
Annual Fees from Operators	1,228,145,821	1,294,254,720
Application fees for Reconnaissance	-	45,942,800
Data fee	-	22,944,350
Other income	-	<u>1,047,006</u>
Total	8,128,536,848	6,951,491,331

21. WAGES, SALARIES AND EMPLOYEE BENEFITS

	2023/24	2022/23
	TZS	TZS
Acting Allowance	26,292,600	6,614,900
Casual Labour	4,900,000	2,143,000
Civil Servants	2,603,205,607	2,080,302,384
Court Attire Allowance	7,000,000	3,600,000
Electricity	466,187,624	339,617,026
Extra-Duty	126,730,226	360,310,000
Food and Refreshment	428,894,146	205,308,125
Furniture Expenses	332,000	138,000,000
Honoraria	709,291,289	806,999,999
Housing allowance Expenses	540,016,812	96,000,000
Internship Allowance	68,835,000	32,400,000
Leave Travel	130,090,706	91,418,824
Moving Expenses	46,597,872	530,394
Outfit Allowance	3,000,000	600,000
Sitting Allowance	660,621,457	463,678,967
Subsistence Allowance	14,000,000	24,087,173
Telephone Allowance	216,500,000	134,879,995
Transport Allowance	<u>1,177,196,399</u>	<u>746,809,720</u>
Total	7,229,691,738	5,533,300,507

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

22. USE OF GOODS AND SERVICE

	2023/24	2022/23
	TZS	TZS
Advertising and Publication - Communication & Information	57,405,833 ✓	53,746,675
Air Travel Tickets Training - Domestic & In-Country	264,677,136	305,029,294
Air Travel Tickets Training - Foreign & Out-Country	121,138,148	109,073,289
Computer Supplies and Accessories	5,070,300	-
Conference Facilities	96,434,352	96,366,110
Diesel	57,416,429	70,347,977
Electricity - Utilities Supplies and Services	14,065,688	17,005,222
Entertainment - Hospitality Supplies and Services	73,681,473	24,020,080
Exhibitions, Festivals and Celebrations	26,000,000	34,999,593
Food and Refreshments	226,222,405	203,907,760
Fumigation Expenses	3,669,000	401,536
Ground Transport (Bus, Train, Water)	50,735,354	118,054,549
Ground travel (bus, railway) Travel - in & out country	84,214,789	95,507,418
Health Insurance Training - Travel out of country	54,090,800	-
Internet and Email connections	3,279,659	31,191,560
Lodging/Accommodation Travel - in - Country	27,970,440	-
Newspapers and Magazines	6,000,000	5,466,000
Office Consumables (stationaries)	61,902,123	115,374,134
Outsourcing Costs (cleaning and security services)	46,766,720	42,870,919
Per Diem - Domestic	2,596,444,801	2,072,326,08
Per Diem - Foreign	394,311,409	375,269,683
Posts and Telegraphs	2,594,351	547,200
Printing and Photocopy paper	4,866,894	2,400,240
Printing and Photocopying Costs	14,725,336	18,224,430
Programs Transmission Fees	-	800,000
Protective Clothing, footwear and gear	9,300,000	-
Publicity	33,995,167	19,065,000
Remuneration of Instructors	12,300,000	17,845,000
Rent - Office Accommodation	59,197,304	40,322,016
Sporting Supplies	-	6,697,000
Subscription Fees	72,776,837	98,220,688
Tapes, Films, and Materials (split)	127,402,619	13,962,248
Telephone Charges (Land Lines)	1,488,305	836,189
Training Materials	4,000,000	-
Tuition Fees Training - Domestic	199,157,927	311,037,276
Tuition Fees Training - Foreign	46,191,778	-
Uniforms and Ceremonial Dresses	30,405,700	16,210,000
Visa Application Fees	<u>1,374,446</u>	<u>1,008,870</u>
Total	4,891,273,523	4,318,134,044

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

23. MAINTENANCE EXPENSES

	2023/24	2022/23
	TZS	TZS
Electrical and other Cabling Materials	-	2,938,400
Motor Vehicles and Water Craft	32,666,949	34,494,957
Outsource maintenance contract services - Buildings	57,621,104	44,223,770
Pipes and Fittings	1,870,000	-
Telephones and Office PABX systems	10,567,000	-
Tires and Batteries	<u>5,965,000</u>	<u>3,950,000</u>
Total	108,690,053	85,607,127

24. OTHER EXPENSES

	2023/24	2022/23
	TZS	TZS
Audit fees Expenses	88,659,593	80,063,000
Burial Expenses	16,000,000	26,530,000
consultancy fees	13,220,000	9,000,000
Director's Fee	47,570,000	50,500,000
Donation	<u>34,820,000</u>	<u>25,080,000</u>
Total	200,269,593	191,173,000

25. EXPECTED CREDIT LOSS

	2023/24	2022/23
	TZS	TZS
Expected Credit Loss	<u>1,374,964,150</u>	<u>645,577,312</u>
Total	1,374,964,150	645,577,312

26. CONTRIBUTION TO CONSOLIDATED FUND

	2023/24	2022/23
	TZS	TZS
Contribution to Consolidated Fund	<u>380,000,000</u>	<u>240,000,000</u>
Total	380,000,000	240,000,000

27. AMORTIZATION AND DEPRECIATION

	2023/24	2022/23
	TZS	TZS
Motor Vehicles Depreciation	31,449,041	47,925,639
Computers Depreciation	175,449,792	300,834,267
Office Equipment Depreciation	147,043,561	193,630,618
Office Furniture and Fittings Depreciation	14,237,749	30,842,147
Amortization of Intangible Assets	<u>90,901,364</u>	<u>1,054,545,176</u>
Total	459,081,507	1,627,777,847

28. REINSTATEMENT OF BALANCES

The Authority reinstated the useful life of its receivables to align with the IPSAS 41 (Financial Instrument). The adjustment covered the Expected Credit Loss (ECL) amounting to TZS. 118,700,962 for the loss allowance on trade receivables incurred in 2022/2023. This has impacted the total expenses of the previous year to TZS 12,401,569,837.

The amount is retrospectively in line with IPSAS 41. The adjustment made was to recognize the value of Expected Credit Loss (ECL) which increased the deficit for the year ended 30 June 2023 to TZS 2,349,325,897 and the prior period accumulated surplus was reduced by TZS 118,700,962 hence affecting the Accumulated Surplus brought forward on 1st July 2023 to TZS 5,358,537,255.

The effect of reinstatement on those Financial Statements is summarized below:

Opening Balance as at 1 July, 2022	7,707,863,151
Deficit for the year	<u>(2,349,325,896)</u>
Reinstated Accumulated Surplus as at 30 June 2023	<u>5,358,537,255</u>

29. OTHER TRANSFERS (CONTRIBUTION TO THE CONSOLIDATED FUND)

In the financial year 2023/2024, the Authority contributed a sum of **TZS 380,000,000** to the Government Consolidated Fund compared to 2022/2023 **TZS 240,000,000** as a mandatory requirement.

30. PPE NOT RECOGNISED IN THE FINANCIAL STATEMENTS

During the year 2023/24, the Authority continued to maintain office vehicles to facilitate its daily operations. It has to be known that the two motor vehicles were used by PURA but the vehicles were still controlled by the Ministry of Energy.

The list of Motor Vehicle not yet transferred are;

S/N	Detail/Type	Quantity	Location	Value (TZS)
1	Toyota - Prado TXL (STL 3141)	1	PURA -HQ	N/A
2	Toyota - Prado TX (DFPA 849)	1	PURA -HQ	N/A

31. RELATED PARTY TRANSACTIONS

Salaries of the Key Management Personnel are drawn as per Government circulars and their letters of appointment. Benefits drawn by key Management Personnel include; millage and housing allowance while the Board of Directors fees are drawn as per Government circulars.

No loans were advanced or repaid by the key management personnel even the close members during the financial year 2023/24. The aggregate remuneration and number for the Board of Directors and Management were;

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

Description	2023/24	2022/23
	TZS	TZS
Salaries and allowances Management	979,876,000	920,078,000
Board of Directors Members' fees	<u>47,570,000</u>	<u>50,500,000</u>
Total	1,027,446,000	970,578,000
No. of Key Management Personnel	12	12
No. of Board of Directors	5	5

32. EXPLANATION OF DIFFERENCES BETWEEN BUDGET AGAINST ACTUAL

	Final Budget	Actual	Difference	Explanation
RECEIPTS	TZS	TZS	TZS	
Fund received from the Government	7,914,678,200	4,203,264,547	3,711,413,653	The fund to support the 5th Licensing Round was budgeted in the Development which was not remitted to the Authority
Revenues from exchange transactions	12,355,042,147	8,407,211,044	3,947,831,103	The budgeted fund for data fee revenue was not achieved due to accomplishing the procurement process for a multiclient agent in mid-June 2024.
PAYMENTS				
Grants, Subsidies, and Transfer payments	20,400,000	-	20,400,000	No grant provided during the year under audit due to non-collection of some of the budgeted revenue
Maintenance Expenses	306,540,000	292,607,621	13,932,379	The Authority's vehicles were properly maintained hence no further costs
Use of Goods and Service	8,951,239,410	4,593,812,975	4,357,426,435	The budgeted expenditure was not attained due to non-collection of some of the budgeted revenue
Wages, Salaries, and Employee Benefits	7,986,760,700	7,255,316,681	731,444,019	This is because, fewer employees were hired than anticipated.
Other Transfers	380,000,000	380,000,000	-	
Other Expenses	342,562,335	-	342,562,335	The budgeted expenditure was not attained due to the non-collection of some of the budgeted revenue and non-occurrence of other events e.g. burial expenses
Acquisition of Property, Plant and Equipment	2,272,217,902	102,054,562	2,170,163,340	The budgeted expenditure was not attained due to non-collection of some of the budgeted revenue
Acquisition of Intangible Assets	10,000,000	-	10,000,000	The budgeted expenditure was not attained due to non-collection of some of the budgeted revenue

33. RISK MANAGEMENT

The Authority is subject to a number of financial and operational risks; and is responsible for ensuring appropriate risk management strategies and policies are in place. The categories of risk that the Authority might be exposed to, are as follows:

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The reported account receivables for 2023/24 were TZS 2,630,529,378 and TZS 2,909,203,574 for 2022/23 as per the table below:

As at 30 June 2023/24		Less than 1 Year	Between 1 & 2 Years	Between 2 & 5 Years	Over 5 years	TOTAL
		TZS				
Financial assets	TZS					
Receivables		600,431,051		2,030,098,327		2,630,529,378
At 30 June 2022/23						
Financial assets						
Receivables		2,033,577,774	-	875,625,800	-	2,909,203,574

Mitigation: The Authority is required to generate sufficient income for efficient working capital management to mitigate default risk.

ii) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining enough cash balances and managing adequate funding from the number of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Management maintains flexibility in funding by maintaining liquid resources under the committed credit lines.

Management performs cash flow forecasting and monitors rolling forecasts of the Authority's liquidity requirements to ensure the availability of sufficient cash to meet its operational needs.

The Authority's approach when managing liquidity is to ensure sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

The amounts disclosed in the analysis below are the undiscounted financial liabilities and financial assets in the financial statements during the year:

Item	0 - 30 days TZS	30 -60 days TZS	60 - 90 Days TZS	90 - 120 Days TZS	Over 120 Days TZS	Total TZS
As at 30 June 2024						
Cash and cash equivalent	20,499,352			-	-	20,499,352
Receivables	-	-	600,431,051		2,030,098,327	2,630,529,378
Payables	-	(576,583,802)		-	-	(576,583,802)
Net position	20,499,352	(576,583,802)	600,431,051	-	2,030,098,327	2,074,444,928
As at 30 June 2023						
Cash and cash equivalent	33,815,600			-	-	33,815,600
Receivables	-	-	2,033,577,774		875,625,800	2,909,203,574
Payables	(28,124,681)	(197,806,506)		-	(131,618,472)	(357,549,659)
Net Position	5,690,919	(197,806,506)	2,033,577,774	-	744,007,328	2,585,469,515

Mitigation: Establishing debt strategy mechanisms for overdue debts from customers and follow-ups to the government to release other charges funds on time to facilitate operations of the Authority.

iii) Political Environment Risk

Risks emanating from political factors and decisions that have an impact on the Authority's mandate and operations.

Mitigation: To follow Government rules and manifesto.

iv) Human Resources Risk

It involves the risks that relate to the Authority's manpower, these risks can have an effect on the Authority's human capital with regard to integrity and honesty, Employee relations and retention.

Mitigation: Human resources risk can be mitigated by proper training and ongoing education on ethics and integrity, recruiting and secondment.

v) Operational Risk

The risk is resulting from the Authority's activities not being conducted in accordance with formally recognized procedures.

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

Mitigation: Management ensures that the Authority complies with internal policies and procedures.

34. RECEIVABLES FROM PSA OPERATORS

The breakdown of receivables from PSA operators in the financial year 2023/24 in note 15 is provided in the table below;

PSA Name	Operator	2023/24 Amount (TZS)	2022/23 Amount (TZS)
SongoSongo PSA	Pan African Energy	187,110,058	664,422,592
Mnazi Bay PSA	Maurel et Prom	321,835,893	417,118,325
Block 4	Shell Exploration	-	40,528,950
Ruvuma Block	ARA Petroleum	-	-
Ruvuma Block	Ndovu Resources Limited	-	121,586,850
Block 1	Shell Exploration	-	40,528,950
Nyuni Area	Ndovu Resources Limited	718,811,885	544,245,900
Ruvu Block	Dodsal Hydrocarbon and Power Ltd	640,395,700	405,289,500
Block 2	Equinor Tanzania	-	-
Kilosa kilombero Block	Swala Oil and Gas	594,653,150	526,876,350
Tanga Block	Afren (T) LTD	167,722,692	-
Tanga Block	Octant (T) Ltd	-	148,606,157
Total		2,630,529,378	2,909,203,574

35. OPERATING LEASE

PURA has an operating lease arrangement as a lessee with PSSSF for the office space in Dodoma. The existing leasing arrangement provides for a lease expiration period, reviews, termination and renewal. For the year ended 30 June 2024 rental expenditure incurred under the operating lease amounted to TZS 40,322,016. A summary of outstanding liabilities for the rent under the non-cancellable operating leases arrangement is as follows;

	2023/24 TZS	2022/23 TZS
1 Not later than one year	40,322,016	40,322,016
2 Beyond one year and not later than five years	-	-
Total	40,322,016	40,322,016

36. CONTINGENT LIABILITY

The Authority had a contingent liability of TZS 450,323,267.11 for rental charges by TANESCO for the office building located at Samora Avenue Dar es Salaam. For the financial year 2023/24 matter was in negotiation with TANESCO.

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

37. RECONCILIATION OF NET CASHFLOW FROM OPERATING ACTIVITIES TO SURPLUS (DEFICIT) FOR THE YEAR ENDED 30 JUNE 2024

	2023/24	2022/23
	TZS	TZS
Surplus/ (Deficit) for the period	(2,072,205,364)	(2,349,325,896)
Add/ (Less) non-cash items		
Depreciation	368,180,143	573,232,671
Amortization - Intangible Assets	90,901,364	1,054,545,176
Capital grant	(244,446,344)	(147,586,860)
Expected Credit Losses	1,374,964,150	645,577,312
Goods received in kind	<u>87,549,595</u>	-
Surplus/(Deficit) from ordinary activity	(395,056,456))	(223,557,597)
Working Capital Movement		
(Increase)/Decrease in inventory	16,352,025	(22,546,076)
(Increase)/Decrease in Receivable	278,674,196	(391,427,400)
Decrease in receivable from non exchange transactions	106,826,789	11,485,750
Prepayment transferred to PPE	(141,574,922)	-
Increase/(Decrease) in payables	219,034,143	216,206,674
Increase/(Decrease) in deferred income	4,482,539	-
Net Cash flow from Operating Activities	<u>88,738,314</u>	<u>(409,838,649)</u>

38. NOTES TO THE CASH FLOW STATEMENT

Particulars	Notes	2023/24	2022/23
		TZS	TZS
i) Government Subvention			
Other charges	19	1,598,975,887	1,112,292,350
Personal Emoluments	19	<u>2,604,288,660</u>	<u>2,080,873,400</u>
Cash paid		4,203,264,547	3,193,165,750
ii) Own Source			
Opening balance receivable levy		2,909,203,574	2,517,776,174
Service levy fee on production & exploration	20	6,900,391,027	5,587,302,455
Annual fees from operators	20	1,228,145,821	1,294,254,720
Cash received from other income	20	-	69,934,156
Closing balance receivable levy		<u>(2,630,529,378)</u>	<u>(2,909,203,574)</u>
Cash paid		8,407,211,044	6,560,063,931
iii) Cash paid for Acquisition of Property Plant and Equipment			
Additions during the year	15	400,526,230	1,468,397,428
Grants received/Previous prepayment	15	<u>(298,471,670)</u>	<u>(147,586,860)</u>
Cash paid		102,054,560	1,320,810,568

PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA)

iv)	Wages, Salaries and Employee Benefits	21		
	Opening balance employee compensation		48,232,400	10,940,900
	Opening balance for staff imprest		2,910,000	(60,055,527)
	Employees' emolument		<u>7,229,691,738</u>	5,533,300,507
	Imprest receivable - staff		63,332,390	-
	Closing staff claim and Imprest		<u>(88,849,847)</u>	<u>(51,142,400)</u>
	Total		<u>7,255,316,681</u>	<u>5,433,043,480</u>
v)	Use of Goods and Services	22		
	Opening balance trade and other payables		306,407,259	130,402,085
	Opening balance prepayments		(174,169,777)	(125,600,000)
	Office supplies and consumables		4,891,273,523	4,318,134,044
	Goods received in kind		(87,549,595)	-
	Prepayment transferred to PPE		141,574,922	-
	Closing balance payables to suppliers		(487,733,955)	(306,407,259)
	Closing balance prepayments		<u>4,010,598</u>	<u>174,169,777</u>
	Total		<u>4,593,812,975</u>	<u>4,190,698,647</u>
vi)	Maintenance Expenses and Other Expenses	23 & 24		
	Other Expenses		200,269,593	191,173,000
	Maintenance Expenses		108,690,053	85,607,127
	Movement in Inventory		<u>(16,352,025)</u>	<u>22,546,076</u>
	Total		<u>292,607,621</u>	<u>299,326,203</u>

39. BALANCES WITH OTHER GOVERNMENT ENTITIES FOR THE YEAR ENDED 30 JUNE 2024

S/N	Good/Service Provided	Name of entity received good/service	Payable Balance	
			TZS	TZS
			2023/24	2022/23
1	Withholding Tax	TRA	1,358,129	478,395
2	Deferred income for OC	Treasury registrar	<u>4,482,539</u>	
TOTAL			<u>5,840,668</u>	<u>478,395</u>