



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

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF ENERGY AND WATER UTILITIES REGULATORY AUTHORITY -
ENERGY SECTOR CAPACITY BUILDING PROJECT- PROJECT NUMBER 126875 -
TZ FOR THE YEAR ENDED 30TH JUNE, 2016**

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May, 2017

AR/ESCBP/2015/2016

**ENERGY AND WATER UTILITIES REGULATORY AUTHORITY
ENERGY SECTOR CAPACITY BUILDING PROJECT- PROJECT NO.126875-TZ**

Office of the Controller and Auditor General
National Audit Office

The United Republic of Tanzania

Established under Article 143 of the Constitution of the URT)

The statutory duties and responsibilities of the Controller and Auditor General are enshrined under Article 143 of the Constitution of the URT of 1977 and further amplified under Sect. 10 of the Public Audit Act, No. 11 of 2008.

Vision

To be a Centre of excellence in public sector auditing.

Mission

To provide efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

In providing quality services, NAO is guided by the following Core Values:

- ✓ **Objectivity:** We are an impartial organization, offering services to our clients in an objective and unbiased manner;
- ✓ **Excellence:** We are professionals providing high quality audit services based on best practices;
- ✓ **Integrity:** We observe and maintain high standards of ethical behavior and the rule of law;
- ✓ **People focus:** We focus on stakeholders' needs building a culture of good customer care having competent and motivated work force;
- ✓ **Innovation:** We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization; and
- ✓ **Best resource utilization:** We are an organization that values and uses public resources entrusted to it in efficient, economic and effective manner.

We do this by: -

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
 - Helping to improve the quality of public services by supporting innovation on the use of public resources;
 - Providing technical advice to our clients on operational gaps in their operating systems;
 - Systematically involve our clients in the audit process and audit cycles; and
 - Providing audit staff with adequate working process tools and facilities that promote independence.
- © This audit report is intended for use by the ESCBP Management. However, upon adoption of the report by the Project Coordinator this report becomes a matter of public record and its distribution may not be limited.

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DEFINITION OF TERMS AND ABBREVIATIONS

(i) Financial Statements: Means

- a. Statement of Receipt and Payments,
- b. Summary of significant accounting policies and other explanatory information.

(ii) Abbreviations

BOT	Bank of Tanzania
CIDA	Canadian International Development Agency
ESCBP	Energy Sector Capacity Building Project
EWURA	Energy and Water Utilities Regulatory Authority
IDA	International Development Association
MEM	Ministry of Energy and Minerals
OSHA	Occupation Safety and Health Authority
PPP	Public Private Partnership
TANESCO	Tanzania Electric Supply Company Limited
TEITI	Tanzania Extractive Industries Transparency Initiative
TPDC	Tanzania Petroleum Development Corporation
USD	United States Dollar
VETA	Vocational Education and Training Authority

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1.0 BACKGROUND AND GENERAL INFORMATION

1.1 Introduction

I have audited the special purpose financial statements of Energy Sector Capacity Building Project for the year ended 30th June, 2016. Audit findings and recommendations arising from examination of the accounting records, appraisal of ESCBP project activities as well as evaluation of the internal control system which requires management attention and action are set out in a management letter issued separately to the Chairman of the EWURA Board of Directors.

1.2 Audit Mandate

By virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and Sect.10 of the Public Audit Act No 11 of 2008, the Controller and Auditor General is the statutory auditor of all Government revenues and expenditures including the receipts and payments in the ESCBP.

1.3 Audit Objectives

The main objective of conducting this audit is to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling me to express an opinion on whether the special purpose financial statements are prepared, in all material respects, in accordance with Project Agreement; and whether laws and regulations have been complied with.

1.4 Audit Methodology

My audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. My audit procedures included the following:

- Identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity's internal controls of EWURA through which all the ESCBP activities financed through EWURA and paid for through the project bank account opened at the Bank of Tanzania (BOT) with account No. 9931218481 (USD - Foreign Currency Account) which is operated by EWURA.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- Consideration of the requirements of Project Agreement, the World Bank Procurement Guidelines, Public Procurement Act, 2011 and Regulations, 2013 and Public Finance Act No. 6 of 2001 (Revised 2004).
- Form an opinion on the special purpose financial statements based on conclusions drawn from the audit evidence obtained.

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- Follow up on the implementation of the previous year's audit findings and recommendations to ensure that proper action has been taken in respect of all matters raised.

1.5 Audit Scope

The audit was carried out in accordance with the International Standards on Auditing (ISA) and other audit procedures as were deemed appropriate under the circumstances. This covered the evaluation of the effectiveness of the EWURA financial accounting system and internal control over various activities of the Energy Sector Capacity Building Project.

All receipts and payments during the year 2015/2016 were verified. The findings are to the extent that records, documents and information requested for the purpose of the audit were made available.

As auditor, I am not required to specifically search for fraud and errors, therefore, my audit cannot be relied upon to disclose all such matters. However, my audit was planned in such a way that I would have reasonable expectations of detecting material errors and misstatements in the financial statements resulting from irregularities including fraud. The responsibility for detection, prevention of irregularities and the maintenance of an effective and adequate system of internal control rests with the management of the EWURA.

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2.0 REPORT OF THE ENERGY SECTOR CAPACITY BUILDING PROJECT (ESCBP)

2.1 Introduction

The recent developments in upstream petroleum subsector, where international oil and gas exploration companies are exploring for the oil and gas in Tanzania, call for both, strategic planning and capacity building so as to strengthen the capacity of the Government of Tanzania (GoT) to develop its Natural Gas sub-sector and Public Private Partnerships (PPP) for the power generation sectors. The legal and regulatory framework governing the natural gas industry must be in place to ensure that environmental disasters are prevented, and facilitate adoption of international best practices in resource management. Thus, Capacity building was needed so as to enable Tanzanians to run its natural gas sub sector effectively and benefit the Nation appropriately.

The Government of Tanzania (GoT) through the Ministry of Finance (MoF) and Ministry of Energy and Minerals (MEM) approached the World Bank for financial assistance to implement the Energy Sector Capacity Building Project (ESCBP). Out of the total USD 35 million set aside by the World Bank for implementing ESCBP, USD 1.1 million is allocated to the Energy and Water Utilities Regulatory Authority (EWURA) where by 62% of the credit equivalent to USD 0.682 Million is credit from IDA and USD 0.418 million equivalent to 38% is grant from CIDA Trust Fund.

2.2 MAIN OBJECTIVES OF THE PROJECT

The Project Objective is mainly to strengthen the capacity of the Government of Tanzania to develop:

- (i) Its natural gas sub-sector; and
- (ii) Public Private Partnership (PPP) for the power generation sector.

To achieve these objectives, the project will finance five (5) main components;

Component A: Petroleum Policy and Legal Framework;

Component B: Strengthening Institutional Sector Management, Coordination and Governance;

Component C: Education & Skills Development;

Component D: Power Generation and Natural Gas PPP Projects Capacity Building and

Component E: Project Coordination.

These components are implemented jointly with MEM with beneficiary institutions which include TPDC, TANESCO, OSHA, TEITI and VETA. Implementation of these components will benefit Tanzanians both direct and indirect.

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On 20th February, 2014, IDA declared as an effective date for the project after the borrower/Government met all preconditions stipulated in the signed Financing Agreement. The project has an account at the Bank of Tanzania (BOT) Account Number 9931218481 which is operated by EWURA.

2.3 COMPOSITION OF PROJECT MANAGEMENT TEAM

All the Implementing Agencies were supposed to form a Project Management Team (PMT) which comprises of Project Coordinator, Project Procurement Specialist and Project Accountant together with Project Steering Committee. EWURA formed a PMT which comprises of The Project Coordinator who is responsible for the overall management of Project activities and compliance with its objectives, Project Accountant who is responsible for accounting, financial management, and financial reporting; and the Project Procurement Specialist responsible for carrying out the procurement activities in compliance with the IDA procurement procedures.

The implementation of EWURA activities will be under the overall coordination of Director General assisted by Project Management Team Leader who will lead the team. Steering Committee members representing EWURA will be the Director General and the Director of Natural Gas.

PROJECT MANAGEMENT TEAM (PMT) COMPOSITION

S/No	Name	Position	Qualifications	Nationality
1.	Thobias Rwelamila	Natural Gas Distribution Manager	Msc. (Engineering Management), MBA	Tanzanian
2.	Deogratius Kumalija	Manager Procurement Management	Msc. (Procurement and Logistics Management)	Tanzanian
3.	Genoveva Mponji	Principal Revenue Accountant	Msc. (Accounting and Finance)	Tanzanian

PROJECT STEERING COMMITTEE

S/No	Name	Position	Qualifications	Nationality
1.	Felix Ngamlagosi	Director General	Msc. (Economics)	Tanzanian
2.	Charles Omujuni	Director of Natural Gas	Msc. (Natural Gas Engineering)	Tanzanian

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2.4 PROJECT FINANCING AND ITS COST

ESCBP is a Technical Assistance Credit to the Government of Tanzania and is implemented by EWURA and MEM as implementing agencies. The total financing of this project is US\$ 35 Million where by US\$ 1.1 Million is allocated to EWURA. IDA financing for EWURA in this project is US\$ 0.682 Million equivalent to 62%

The project is co-financed by a CIDA Trust Fund administered by IDA. CIDA financing proportionately support all project activities by 38%.

Table 1: Project Financing and Cost by Component

Project Components	Project Cost (USD)	IDA Financing (USD)	% Financing	CIDA Grant (USD)	% Financing
A. Petroleum Policy and Legal Framework	200,000.00	124,000.00	62	76,000.00	38
B. Strengthening Institutional Sector Management, Coordination and Governance	700,000.00	434,000.00	62	266,000.00	38
E. Project Coordination	200,000.00	124,000.00	62	76,000.00	38
Total Financing	1,100,000.00	682,000.00		418,000.00	

2.5 PRINCIPAL ACTIVITIES

The principal functions of the ESCBP are for Sub Components in Component A, B and E as per project agreement.

2.5.1 In component A, finances are in sub Components A.2 (Legal and Regulatory Framework)

Activity number 3: Legal Support to EWURA's Natural Gas Division.

The expected outcome of this activity is that, the regulatory framework on natural gas mid and downstream is enhanced. The activities to be financed under this part of the project include a contract for a Legal Advisor to EWURA's Natural Gas Division.

2.5.2 In component B, finances are in sub Components B.2 (Enhancing Organizational Capacity)

Activity number 1: Technical Advice, enhanced tariff modeling infrastructure and training for EWURA's Natural Gas Division; and activity (2) Technical Advice, enhanced tariff modeling infrastructure for EWURA's Electricity Division;

In activity 1 Sub Component B.2: Technical Advice, enhanced tariff modeling infrastructure and training for EWURA's Natural Gas Division.

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The expected outcome of this activity is that the human capacity of EWURA's Natural Gas Division and tariff modeling capacity gets strengthened and that "best practice" Transmission and Distribution (T&D) standards are established in the gas sector. The activities to be financed under this part of the project include a (goods, services and training) contract that includes;

- (a) A Technical Advisor to EWURA's Natural Gas Division to;
 - (i) Advise EWURA in development of gas quality, service standards and transmission and distribution codes, which subsequently will also be developed by the adviser review EWURA's existing technical skills capacity to regulate the natural gas mid and downstream sector;
 - (ii) Based on the capacity assessment develop a training program on capacity enhancement;
 - (iii) Prepare and support the procurement process including technical design of a data simulation solution for gas transmission and distribution tariff models;
- (b) Acquisition of data simulation software and hardware for a Gas T&D Tariff Model;
- (c) Training of staff (in-house training conducted by Technical Advisor) in gas quality management, standards, regulations, gas production, processing, utilization and transportation; and gas projects financial Modeling.

In Activity 2 Sub Component B.2: Economic and Technical Advice, and enhanced tariff modeling infrastructure for EWURA's Electricity Division.

The expected outcome of this activity is that, a technology based feed in tariff regulation is established, the revenue stream for SPP Renewable technologies development is improved and EWURA's tariff and financial modeling capacity are strengthened. The activities to be financed under this part of the project include;

- (i) Analyze varying requirements for individual renewable technologies eligible under the SPP framework;
- (ii) Recommend appropriate cost reflective feed in tariff for each technology;
- (iii) Assist EWURA in developing the required regulation for SPP technology based feed-in tariffs;
- (iv) Advise and procure appropriate hardware and software for SPP technology based tariff models; and
- (v) Procurement of a SPP Feed-in Tariff Model Based on Technology Specific Cost Estimates.

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In Component E (Project Coordination), the project supports the Project Steering Committee as well as the Project Management Teams (PMT) of Implementing Agency (IA) which for this case is EWURA. It will enhance the IA's capacity for procurement and financial management, through the provision of technical advisory services, training, operating costs and acquisition of goods.

2.6 PROJECT MONITORING AND EVALUATION

For the financial year ended in 30th June 2016, The World Bank provided No objection to EWURA to facilitate a study visit of 12 senior Tanzanians and government officials to South Africa to learn about their experience on the competitive bidding framework of renewable energy projects. The budget for this activity amounted to USD 25,480 which is equivalent to TZS. 50,960,000.00

Under ESCBP Project, Activity B2.2: Economic and Technical Advice, and enhanced tariff modeling infrastructure for EWURA's Electricity Division, EWURA had a budget of about US\$50,000 to procure an installation software and hardware for SPP feed in tariff model and Technical Advisory for Electricity division with a budget of USD200,000. The expected outcome of this activity was that a technology based feed in tariff regulation will be established, the revenue stream for SPP Renewable technologies development will be improved and EWURA's tariff and financial modeling capacity be strengthened.

The activities to be financed under the said part of the project included the following;

- (i) analyze varying requirements for individual renewable technologies eligible under the SPP framework;
- (ii) recommend appropriate cost reflective feed in tariff for each technology;
- (iii) assist EWURA in developing the required regulation for SPP technology based feed-in tariffs;
- (iv) advise and procure appropriate hardware and software for SPP technology based tariff models; and
- (v) procurement of a SPP Feed-in Tariff Model based on technology specific cost estimates

Fortunately EWURA got Technical Assistance from USAID and hired a Consultant to review the SPP framework and propose REFITs for Tanzania. As a result, Feed in tariffs for Hydro and Biomass technologies were approved, while tariffs for Solar and Wind technologies will be determined through competitive bidding. In order for EWURA to finalize developing the tendering framework of Solar and Wind SPPs, EWURA requested that funds allocated for procurement of tariff calculation models be used to facilitate a study visit to South Africa to learn about their experience on the competitive bidding framework of renewable energy projects. The Actual cost for this study visit to South Africa was USD 22,462 equivalent to TZS 44,924,000.00.

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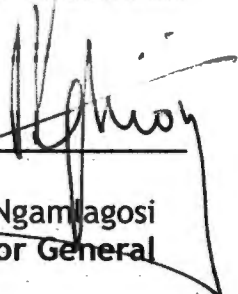
3.0 STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE YEAR ENDED
30TH JUNE 2016

These Financial statements have been prepared by the management of the Energy and Water Utilities Regulatory Authority in accordance with the Project Agreement and the provisions of section 25(4) of the Public Finance Act, Cap 348 of 2008.

The Management of EWURA is responsible for establishing and maintaining a system of effective internal control designed to give reasonable assurance that the transactions recorded in the Financial statements are within the statutory requirement and that they contain the receipts and use of resources by the Authority.

To the best of the management's knowledge, the internal control system has operated adequately throughout the reporting period and the accounting and underlying records provide a reasonable basis for the preparation of the financial statements for the year ended 30th June, 2016.

Management accepts responsibility for the integrity of the Financial Statements, the information they contain and their compliance with Project Agreement. Nothing has come to the attention of the Management to indicate that Energy Sector Capacity Building Project will not remain a going concern for at least the next twelve months from the date of the Statement.



Felix Ngamagosi
Director General

15/05/2017

Date

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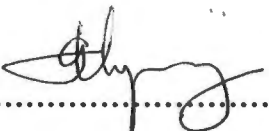
4.0 DECLARATION OF THE HEAD OF FINANCE

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 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 position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I Genoveva Mponji, being the Project Accountant of Energy Sector Capacity Building Project at Energy and Water Utilities Regulatory Authority, hereby acknowledge my responsibility of ensuring that special purpose financial statements for the year ended 30th June, 2016 have been prepared in accordance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the ESCBP receipt and payments as for the year ended and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: PRINCIPAL REVENUE ACCOUNTANT

NBAA Membership No.: ACPA 1864

Date: 12/05/2017

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~~1.0~~ AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Chairperson of the Board of Directors,
Energy and Water Utilities Regulatory Authority,
P.O. Box 72175,
DAR ES SALAAM.

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE SPECIAL
PURPOSE FINANCIAL STATEMENTS OF ENERGY SECTOR CAPACITY BUILDING
PROJECT- PROJECT NO. 126875-TZ (ESCBP) FOR THE YEAR ENDED 30TH
JUNE, 2016

Introduction

I have audited the financial statements of the Energy Sector Capacity Building Project- Project No. 126875-TZ which comprise the Statement of Receipts and Payments as at 30th June, 2016 and a summary of significant accounting policies and other explanatory notes shown on page 12 to 14 of this report.

Board of Directors Responsibility for the financial statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with Development Credit Agreement and Subsidiary Financing Agreement, 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 as per the statement of management responsibility on the financial statements enclosed in this report.

Responsibilities of the Controller and Auditor General

My responsibility as an auditor is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing (ISA) and such other procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I considered the internal control relevant to the ESCBP preparation and fair presentation of the financial statements 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 EWURA internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Sect. 10 (2) of the PAA No. 11 of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

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Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 and Regulation 269 (1) of the Public Procurement Regulations of 2013 require me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

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

Unqualified Opinion

In my opinion, the Special Purpose Financial Statements present fairly, in all material respects, the receipts and payments of the Energy and Water Utilities Regulatory Authority- Energy Sector Capacity Building Project- Project No. 126875-TZ for the year ended 30th June, 2016 and of the reported activities for the period that ended in accordance with the International Development Association Agreement signed between the Government of the United Republic of Tanzania and the International Development Association (IDA).

Basis of Accounting and Restriction on Distribution and use

The basis of accounting is described in note 2 to the financial statements. The financial statements are prepared to assist EWURA to comply with the financial provisions of Energy Sector Capacity Building Project- Project No. 126875-TZ funding agreement. As a result, these financial statements may not be suitable for another purpose.

This report is intended solely for EWURA and the Government of Tanzania and should not be distributed or used by parties other than EWURA and the Government of Tanzania.

Report on other Requirements

In addition to my opinion, I report on the following matters that:

- I was able to obtain all the information and explanations I considered necessary for the purposes of this audit.
- Adequate supporting documentation has been maintained in respect of all project transactions.
- All expenditures incurred are eligible under the Credit Agreement.
- Proper books of account have been kept and the financial statements are in agreement with the accounting records.


Prof. Mussa J. Assad
CONTROLLER AND AUDITOR GENERAL

National Audit Office
Dar es Salaam, Tanzania.

18th May, 2017



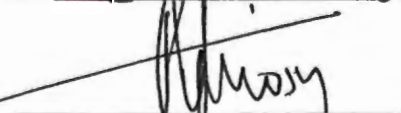
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SPECIAL PURPOSE FINANCIAL STATEMENTS

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 2016

	NOTES	30.06.2016		30.06.2015	
		AMOUNT (USD)	AMOUNT (TZS)	AMOUNT (USD)	AMOUNT (TZS)
RECEIPTS					
Opening Balance		33,726.55	54,503,027.73	-	
Receipts	3	22,462.00	44,924,000.00	74,810.00	124,404,316.97
Exchange Gain/(Loss)		-			
Total Receipts		56,188.55	99,427,027.73	74,810.00	124,404,316.97
PAYMENTS					
Tuition Fees		-		18,450.00	30,587,886.00
Subsistence Allowances		14,302.00	28,604,000.00	18,639.45	32,403,484.64
Travelling Expenses		8,160.00	16,320,000.00	3,994.00	6,909,918.64
Total Payments		22,462.00	44,924,000.00	41,083.45	69,901,289.24
Excess of Receipt Over Payments		33,726.55	54,503,027.73	33,726.55	54,503,027.73
REPRESENTED BY:					
Bank balances	4	<u>33,726.55</u>	<u>54,503,027.73</u>	<u>33,726.55</u>	<u>54,503,027.73</u>

These Special Purpose Financial Statements were approved by the Board of Directors on 49 DEC. 2016 and signed on its behalf by:


Felix Ngamlagosi
Director General

24/05/2017
Date


Thobias Rwelamila
Project Coordinator

23-05-2017
Date

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NOTES TO THE STATEMENT OF RECEIPTS AND PAYMENTS

1.1 Background Information

The Project Objective is mainly to strengthen the capacity of the Government of Tanzania to develop natural gas sub-sector; and facilitate the Public Private Partnership (PPP) for the power generation sector. The project has five (5) components, each with multiple sub-components. The Project was categorized in four components support (A) Petroleum Policy and Legal Framework, (B) Strengthening Institutional Sector Management, Coordination and Governance, (C) Education and Skills Development, (D) Large Power Generation and Natural Gas PPP Projects Capacity Assistance, and (E) Project Coordination of which these components are implemented jointly with MEM with beneficiary institutions which include TPDC, TANESCO, OSHA, TEITI. EWURA as Project Implementing Entity was assigned to carry out sub components A.2(c), B.2(a) and E.2 of the Project.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are as set out below;

2.1 Basis of Preparation

The special purpose financial statements have been prepared on cash basis of accounting. Receipts are recorded when actually received in the Project's Special Bank Account and payments are recorded when cash is paid to the supplier of goods or services.

2.2 Cash and Cash Equivalents

In these special purpose, financial statements, cash and cash equivalents include cash in hand and deposits held in banks.

2.3 Foreign Currency Translation

2.3.1 Function and presentation currency

Items included in the special purpose financial statements of the Project are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The statement of receipts and payments are presented both in Tanzania Shilling (TZS) and United States Dollar (USD) which are functional currencies and presentation currencies of the Project respectively.

2.3.2 Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the year-end expressed in foreign

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currencies are translated into functional currency using the exchange rates prevailing at the reporting date.

2.4 Going Concern

The accounts have been prepared on going concern basis on the assurance by the Project Management that they will continue to provide financial support for at least the next twelve months.

2.5 Contingent Liabilities

There were no contingent liabilities for the year 2015/2016

Note 3 Receipts

Details	2015/2016		2014/2015	
	AMOUNT(USD)	AMOUNT(TZS)	AMOUNT(USD)	AMOUNT(TZS)
IDA Credit Number 5217	13,926.44	27,852,880.00	46,382.20	77,130,351.84
CiDA Trust Fund Number 15902	8,535.56	17,071,120.00	28,427.80	47,273,965.13
Total Receipt	22,462.00	44,924,000.00	74,810.00	124,404,316.97

Note 4 Bank Balance

Bank balance on Account no 9931218481 at the Tanzania Central Bank (BoT) as at 30th June 2016 was USD 33,726.55 (TZS 54,503,027.73)

5 Payments

Details	2015/2016		2014/2015	
	AMOUNT(USD)	AMOUNT(TZS)	AMOUNT(USD)	AMOUNT(TZS)
Tuition Fees	0	0	18,450.00	30,587,886.00
Subsistence Allowances	14,302.00	28,604,000.00	18,639.45	32,403,484.60
Travelling Expenses	8,160.00	16,320,000.00	3,994.00	6,909,918.64
Total Payments	22,462.00	44,924,000.00	41,083.45	69,901,289.24

6 Comparative Figures

The previous year's figures have been re-grouped whenever necessary in order to make them comparable with current year's figures.