



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF LAND
TRANSPORT REGULATORY AUTHORITY FOR THE FINANCIAL YEAR
ENDED
30 JUNE 2021

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2321245,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

March 2022

AR/ PA/LATRA/2020/21

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 30 JUNE 2021

Mandate

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

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: “Modernizing External Audit for Stronger Public Confidence”

Core values

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

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

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 tools and facilities that promote independence.

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

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE 2021

TABLE OF CONTENTS

ABBREVIATIONS	iii
1.0 DIRECTOR'S REPORT FOR THE YEAR ENDED 30 June 2021	iv
2.0 STATEMENT OF DIRECTORS' RESPONSIBILITY	30
3.0 DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTING	31
4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	32
5.0 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 202130 June 2021	36
6.0 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021.	37
7.0 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021.....	38
8.0 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 202130 June 2021	39
9.0 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021	40
10.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021....	41

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 30 JUNE 2021

LIST OF ABBREVIATIONS

AFUR	African Forum for Utility Regulators
EWURA	Energy and Water Utilities Regulatory Authority
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAIs	International Standard of Supreme Audit Institutions
LGA	Local Government Authority
LATRA	Land Transport Regulatory Authority
LATRA CCC	LATRA Consumers Consultative Council
MoFP	Ministry of Finance and Planning
MoWT	Ministry of Works and Transport
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NIDC	National Internet Data Centre
PPRA	Public Procurement Regulatory Authority
SARA	Southern African Railway Association
SUMATRA	Surface and Marine Transport Regulatory Authority
TABOA	Tanzania Bus Owners Association
TASAC	Tanzania Shipping Agencies Corporation
TATOA	Tanzania Truck Owners Association
TAZARA	Tanzania Zambia Railways
TCRA	Tanzania Communications Regulatory Authority
TIRA	Tanzania Insurance Regulatory Authority
TRC	Tanzania Railways Corporation
TZS	Tanzania Shillings
UDA-RT	Usafiri Dar es Salaam - Rapid Transport
URT	United Republic of Tanzania

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE 2021

AUTHORITY'S INFORMATION

AUDITORS:	Controller and Auditor General, National Audit Office, Audit House, 4 Ukaguzi Road, P.O. Box 950, 41104 Tambukareli, DODOMA.
SUB - CONTRACTED AUDITORS: -	Auditax International (Certified Public Accountants), 7th Floor PSSSF Tower, Garden Avenue / Ohio Street, P O Box 77949, DAR ES SALAAM, TANZANIA.
PRINCIPAL PLACE OF BUSINESS:	Head Office, SUMATRA House, Plot No. 464 Nkrumah Street, P. O. Box 3093, DAR ES SALAAM, TANZANIA.
BANKERS:	National Bank of Commerce (NBC) Limited, Samora Branch, P. O. Box 9002, DAR ES SALAAM, TANZANIA. National Microfinance Bank (NMB) Limited, Bank House, P. O. Box 9031, DAR ES SALAAM, TANZANIA. Banking Department of Bank of Tanzania, 2 Mirambo Street 1184, P. O. Box 2939, DAR ES SALAAM, TANZANIA.
SECRETARY TO THE BOARD:	Director General, LATRA SUMATRA House, Plot No. 454 Nkrumah Street, P. O. Box 3093, DAR ES SALAAM, TANZANIA

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT FOR THE YEAR ENDED ON 30 JUNE 2021

1.0 THE DIRECTOR'S REPORT

1.1 INTRODUCTION

The Directors are pleased to submit this report and the financial statements for the financial year ended on 30 June 2021, which disclose the financial position for the year and the state of affairs of the Land Transport Regulatory Authority (LATRA).

1.2 ESTABLISHMENT

The Authority was established by the LATRA Act No. 3 of 2019 as a Regulatory Authority responsible for regulating the land transport sectors of road, railways and cable transport. The Authority started its operation on 29 April 2019 following publication in the Government Gazette of Notice No. 358. The Authority has its Head Office in Dar es Salaam and operates in twenty-six (26) regions in Mainland Tanzania.

1.3 DUTY OF THE AUTHORITY

According to Section 6 of the LATRA Act, the duty of the Authority in carrying out its functions is to enhance the welfare of Tanzania society by-

- (a) promoting effective competition and economic efficiency of regulated sectors;
- (b) promoting safety of regulated sectors including consumers of the regulated sectors;
- (c) protecting the interests of consumers in relation to costs, quality and standards of transport services;
- (d) protecting the financial viability of efficient suppliers;
- (e) promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers;
- (f) raising public knowledge, awareness and understanding of the regulated sectors including
 - (i) the rights and obligations of consumers and regulated suppliers;
 - (ii) the ways in which complaints and disputes may be resolved;
 - (iii) the duties, functions and activities of the Authority; and
- (g) Taking into account the need to protect and preserve the environment.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

1.4 VISION AND MISSION STATEMENTS

a) Vision Statement

To be a leading continental regulator for safe, competitive and eco-friendly land transport services.

b) Mission Statement

To regulate land transport through promoting competition, investment and deploying technologies for safe and efficient services that enhance sustainable development of Tanzania.

1.5 PRINCIPAL FUNCTIONS OF THE AUTHORITY

The Principal functions of the Authority, as stipulated in Section 5 of the LATRA Act No.3 of 2019 are to regulate the land transport sector, specifically:

- (a) To perform the functions conferred on the Authority by sector legislation;
- (b) To issue, renew and cancel permits or licences;
- (c) Subject to sector legislation to-
 - (i) establish standards for regulated goods and services;
 - (ii) establish standards for the terms and conditions of supply of the regulated goods and services; and
 - (iii) regulate rates and charges.
- (d) To coordinate land transport safety activities;
- (e) To register crew and certify drivers of regulated sector;
- (f) To certify worthiness of rolling stock and road worthiness of public service vehicles and goods vehicles;
- (g) To monitor the performance of the regulated sectors including: -
 - (i) levels of investment;
 - (ii) availability of safe, quality and standards of services;
 - (iii) cost of services,
 - (iv) efficiency of production and distribution of services, and
 - (v) other matters relevant to the Authority;
- (h) To facilitate resolution of complaints and disputes;
- (i) To disseminate information about matters relevant to the functions of the Authority;
- (j) To consult with other regulatory authorities or bodies or institutions discharging functions similar to those of the Authority in Tanzania and elsewhere;
- (k) To perform such other functions as may be conferred on the Authority by the Act or any other law.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

1.6 CORE VALUES

The following are the core values that the Authority undertakes to uphold in pursuing the attachment of its vision:

i) Accountability

We perform our duties with readiness to take responsibility for our actions.

ii) Transparency

We encourage open-ness while performing our duties with effective consideration of our stakeholders.

iii) Integrity

We are committed to serve our stakeholders in ethical manner which demonstrates honesty and fairness.

iv) Efficiency

We strive to provide quality services in a cost and time effective manner.

v) Professionalism

We execute our regulatory duties with high level of knowledge, skills and positive attitude.

vi) Environmentally Friendly

We are sensitive and protective to environment.

vii) Team work

We work together to effectively achieve our goals.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

1.7 STRATEGIES OF THE AUTHORITY

The Authority is in the first year of implementation of its First Five Years Corporate Strategic Plan (2020/21-2025/26). The Corporate Strategic Plan for the Authority is the leading instrument for planning, priority setting and decision making. The Plan facilitates discharging of the role and functions of the Authority for the period of five (5) year's starting on 1 July 2020.

The Strategic Plan sets out strategic goals and objectives, targets and performance measures. Specifically, the Plan places emphasis on strategies to be executed to achieve the strategic objectives, and Results Based Management (RBM) approach, which emphasizes on the desired outcomes of the activities rather than the activities themselves. The Plan has the following strategic goals:

- (a) HIV/AIDS infections and non-communicable diseases reduced and supportive services improved,
- (b) National anti-corruption strategy implementation enhanced and sustained,
- (c) Authority's capacity to execute its regulatory functions enhanced,
- (d) Competition in the regulated sectors strengthened,
- (e) Safety of Land transport improved,
- (f) Environmental sustainability of Land transport improved,
- (g) Availability of quality land transport services enhanced.

In order to realize the strategic goals, the Authority prepares annual plan and budget with a result-based management orientation as envisioned in the five-year strategic plan.

1.8 KEY STRENGTHS AND RESOURCES

The Authority has the following key strengths and resources:

i) Board of Directors

The Board of Directors of the Authority was appointed on 13 September 2019. The Board serves as the focal point and custodian of corporate governance in the Authority. Since its appointment, the Board and its Committees have been effective in their role of providing direction and oversight to the Authority and its employees. Through the Board, eight New Regulations to facilitate implementation of the LATRA Act were developed and key documents including Strategic Plan, Organisation Structure, Scheme of Service and Salary Structure, Staff and Financial Rules and Regulations were prepared.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

KEY STRENGTHS AND RESOURCES (Continued)

ii) Human Resource

The Authority has a strong Management team supported by competent and motivated employees. By 30 June 2021, the Authority had operating offices in all 26 Regional Offices in Mainland Tanzania and had a total of 124 employees as at 30 June 2021 (113: 30 JUNE 2020).

The Authority has annual training plan which ensures at least 50% of all employees undergo short-term training to improve employees' performances.

iii) Regulatory Supporting Tools

In the discharge of its duties and functions, the Authority is guided by the LATRA Act. No. 3 of 2019 and sector legislations. Under the LATRA Act, the MoWT in collaboration with the Authority developed eight Regulations in the first year of its operation (2019/20). The Regulations are listed below;

- a) The Land Transport Regulatory Authority (Certification of Commercial Vehicle Drivers and Registration of Crew) Regulations, 2020;
- b) The Transport Licensing (Goods Carrying Vehicles) Regulations, 2020;
- c) The Land Transport Regulatory Authority (Levies) Regulations, 2020;
- d) The Land Transport Regulatory Authority (Private Hire Services) Regulations, 2020;
- e) The Transport Licensing (Public Service Vehicles) Regulations, 2020;
- f) The Land Transport Regulatory Authority (Review Procedures) Rules, 2020;
- g) The Land Transport Regulatory Authority (Tariff) Regulations, 2020;
- h) The Land Transport Regulatory Authority (Certification of Train Drivers and Registration of Train Crew) Regulations, 2020.

During the year, 2020/21, the Ministry developed seven Draft Regulations to implement the Act. The Regulations are as follows.

- a) LATRA (Terms and Conditions for provision of public transportation) Regulation, 2021,
- b) LATRA (Infrastructure and Safety Plan) Regulation, 2021,
- c) LATRA (Complaint Handling Procedures) Rules, 2021,
- d) LATRA (Railway Open Access) Regulation, 2021,
- e) LATRA (Safety Coordination of Road and Railway) Regulation, 2021,
- f) LATRA (Transport Facilitation) Regulation, 2021,
- g) LATRA (Mandatory Vehicle Inspection) Regulation, 2021.

These tools are key and supportive to the Authority to discharge its duties and functions judiciously and fairly.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

KEY STRENGTHS AND RESOURCES (Continued)

iv) Cooperation and Support from Stakeholders

The Authority received cooperation and support from its stakeholders, consumers and suppliers of regulated services. Specifically, the Authority received continuous cooperation and support from the Government (MoWT, MoFP, and the Office of the Treasury Registrar), LATRA CCC, TRA, LGAs, TATO, TABOA and consumers of regulated services.

In addition, the Authority has established and maintained working relationships with Tanzania Police Force and regulatory authorities within the country like EWURA, TCRA, TCAA, PPRA and TIRA. Furthermore, the Authority has maintained networking with international organs including AFUR and SARA.

v) Financial Sustainability

The Authority's sources of revenue are provided under Section 35 (1) of the LATRA Act No.3 of 2019. The funds and resources of the Authority consist of:

- a) Fees collected by the Authority including fees payable for the grant and renewal of licenses;
- b) Levies collected from regulated suppliers;
- c) All other payments or property due to the Authority in respect of any matter incidental to its functions;
- d) Any grants/donations bequests or other contributions made to the Authority; and
- e) Any other monies legally acquired or received by the Authority for the execution of its functions.

vi) ICT Application Systems

The Authority has ICT application systems which automated and modernized operations. The ICT systems in operations include the following:

- Road and Railway Information Management System (RRIMS),
- Road Licensing Information System (SURLIS),
- Passenger Service Vehicles Tracking System (VTS),
- Integrated Financial Management System (IFMIS) based on Epicor 10.2,
- Mfumo wa Ulipaji Serikalini (MUSE),
- Integrated Payroll & Human Resource Management System,
- Electronic Document Management System (EDMS),
- Mobile Phones Online Inquiry System for Bus Fares, and
- Time Attendance (Biometric) System.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

KEY STRENGTHS AND RESOURCES

ICT Application Systems (Continued)

The above systems has improved provision of regulatory services. Further, the Authority in collaboration with the National Internet Data Centre (NIDC) and the Tanzania Revenue Authority (TRA) has developed Electronic Ticketing System (Tiketi Mtandao) to facilitate issuance of bus tickets. The system is expected to revolutionise the transport sector by enabling direct deposit of fare collections to the bank accounts of operators, reducing cost and time taken by passengers to obtain tickets and facilitating the Government to obtain information on travellers for planning purposes.

In general, the ICT application systems have improved efficiency in service delivery. The Authority shall continue to use ICT related solutions to enhance efficiency and reduce costs of operations.

1.9 BOARD OF DIRECTORS

The Board is established under Section 7 of the LATRA Act No. 3 of 2019 and has seven members: Chairman (non-executive) and six non-executive members. The Director General is the Secretary to the Board in accordance with Section 7(3) of the LATRA Act, 2019.

The Chairman was appointed on 9 September 2019 while Board Members were appointed on 13 September 2019. They served the Authority to 30 June 2021.

During the year, no conflict of interest existed between the Directors and the Authority. Key management personnel, including the Board Chairman and the Board Members, made declarations by completing a Form for Declaration of Related Party Transactions. The Form was designed as issued by NBAA for the purpose of making sure that every transaction done by an entity with related parties is adequately disclosed and thus provide users of financial statements with adequate information for decision making. The amount incurred for the Board of Directors and key management employees were TZS 169.5 million and TZS 934.63 million respectively. The details on related party transactions are disclosed in **Note 27** of the Authority's financial statement.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

**DIRECTOR'S REPORT (Continued)
FOR THE YEAR ENDED ON 30 JUNE 2021**

BOARD OF DIRECTORS (Continued)

Name	Position	Nationality	Qualification	Age	Service Period to June 2021
Eng. Dr. John S. Ndunguru	Chairman	Tanzanian	Registered Professional Engineer (T), Engineers Registration Board; PhD in Design and Development of Systems (2009); MSc. Production Engineering (2005); and BSc. Mechanical Engineering (1984).	65	13 Sept. 2019 to 30 June 2021
Dr. Stephen L. Mwakajumilo	Member	Tanzanian	Registered Member of NBAA, Phd. In Microfinance (2011), MBA Finance (2003), PGD in Accountancy (2001), Advanced Diploma in Accountancy (1998).	55	13 Sept. 2019 to 30 June 2021
Mr. Henry M. Bantu	Member	Tanzanian	Fellow member of Chartered Institute of Logistics & Transport (FCIT), Certified Transport & Traffic Management (CTTM), Master of Business Administration (Milpark Business School), Diploma in Road Accidents Prevention & Analysis (DRAPA), Certificate of Professional Competence (Instructor).	72	13 Sept. 2019 to 30 June 2021
The Late Eng. Leonard S. Kapongo	Member	Tanzanian	Registered Professional Engineer (T), Engineers Registration Board; Master's in engineering management -Project (2015), master's in business administration (2009), BSc. in Civil Engineering (1989), PGD in Management (2009), PGD in Engineering Management (2012).	59	13 Sept. 2019 to 30 June 2021
Mrs. Roxana D. Kijazi	Member	Tanzanian	Master of Public Administration (2000), Bachelor of Arts and Social Sciences (Public Administration and International Relations) 1987.	59	13 Sept. 2019 to 30 June 2021
Mr. Michael J. Kyando	Member	Tanzanian	Master of Engineering in Maintenance Management (2017), Degree in Automobile Engineering (2011), Certificate in Motor Vehicle Mechanics (2007), Diploma in Automobile Engineering (2001).	49	13 Sept. 2019 to 30 June 2021
Mr. Victor J. Kahangwa	Member	Tanzanian	LL. B Patrice Lumumba (1997), MATI (1986)	57	13 Sept. 2019 to 30 June 2021
Mr Gilliard W. Ngewe	Secretary to the Board	Tanzanian	Chartered Fellow (FCILT) Institute of Logistics & Transport (2012), MBA in Finance & Banking (2000), PGD in Scientific Computing (2004), Advanced Diploma in Transport Management (1990).	57	1 June 2014 - 30 June 2021

The Second Schedule of the LATRA Act, staggers the term of service of Board Members into three, four and five years for Members, the term of the Chairman is four years. The tenure of the members will expire as follows: two members (12 September 2022), other two members (12 September 2023) and one member (September 2024).

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

BOARD OF DIRECTORS (Continued)

During the year ended 30 June 2021, the Board held a total of five meetings. Out of these, four were ordinary and one was special meeting. In these meetings, the Board discussed and deliberated on the following main issues:

- i) Fares for Inter-urban bus services;
- ii) Fares for ride hailing taxi services;
- iii) Train fares for Moshi - Arusha commuter train services;
- iv) Risk Management Reports;
- v) Quarterly Performance Reports;
- vi) Audited Financial Statements;
- vii) Plan and Budget of the Authority; and
- viii) Recruitment of Employees.

BOARD COMMITTEES

The Board Committees were formed during the 1st Special meeting of the Board which was held on 24 September 2019. The following were members of the Board Committees who served the Authority during the year under review for stated period:

(a) Audit and Risk Committee

Name	Position	Nationality	Effective Appointment / resignation
Dr. Stephen L. Mwakajumilo	Chairman	Tanzanian	13 September 2019- 30 June 2021
Eng. Leonard S. Kapongo	Member	Tanzanian	13 September 2019- 30 June 2021
Mr. Michael J. Kyando	Member	Tanzanian	13 September 2019- 30 June 2021

During the year, the Committee held four ordinary meetings.

(b) Safety and Regulation Committee

Name	Position	Nationality	Effective Appointment / resignation
Mr. Henry M. Bantu	Chairman	Tanzanian	13 September 2019- 30 June 2021
Mr. Victor J. Kahangwa	Member	Tanzanian	13 September 2019- 30 June 2021
Mr. Michael J. Kyando	Member	Tanzanian	13 September 2019- 30 June 2021

The Committee held three ordinary meetings.

(c) Finance & Administration Committee

Name	Position	Nationality	Effective date
Mrs. Roxana D. Kijazi	Chairperson	Tanzanian	13 September 2019- 30 June 2021
Eng. Leonard S. Kapongo	Member	Tanzanian	13 September 2019- 30 June 2021
Mr. Victor J. Kahangwa	Member	Tanzanian	13 September 2019- 30 June 2021

The Committee held four ordinary meetings.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

1.10 MANAGEMENT OF THE AUTHORITY

The overall Management of LATRA is vested in the Board of Directors as the governing board under the supervision of the Minister responsible for Transport. The Director General is responsible for day-to-day operations of the Authority.

The Authority's Management team, which is under the supervision of the Director General, has requisite skills and competences. Thus, the team is capable of handling all operational and administrative matters efficiently.

The Management, which is under the supervision of the Director General, is organized into four Directorates and five Units as follows:

a) Directorates:

- i) Directorate of Railways Regulation;
- ii) Directorate of Road Transport Regulation;
- iii) Directorate of Economic Regulation;
- iv) Directorate of Finance, Human Resource and Administration;

b) Units:

- i) Procurement Management Unit;
- ii) Information & Communication Technology Unit;
- iii) Corporate Communication Unit.
- iv) Internal Audit Unit; and
- v) Legal Services Unit.

The Director General reports to the Board. All Directors and Head of Units report to the Director General.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

**DIRECTOR'S REPORT (Continued)
FOR THE YEAR ENDED ON 30 JUNE 2021**

1.11 REVIEW OF BUSINESS PERFORMANCE

1.11.1 Key Performance Indicators (KPIs)-

The table below indicates progress made during the year in achieving the Strategic Objectives:

SN	OBJECTIVE	ACTIVITY	EXPECTED TARGET	ACHIEVEMENTS
1.	Enhanced authority's capacity to effectively and efficiently discharge its regulatory responsibilities	To collect revenue from the approved sources	Revenue growth target of 18% is achieved by 30 June 2021.	Revenue collection increased by 8.2% from TZS 24.0 billion of 2019/20 to TZS 25.9 billion in 2020/21. The target of 18% was not achieved largely due to resistance of bus operators to use e-Ticketing system. The system was expected to facilitate collection of levies which is 28.6% of the original revenue budget.
		To develop staff through short and long-term trainings	At least 50% attended short courses and two (2) long-term training by June 2021.	A total of 108 out of 124 staffs attended short-courses during the year and one staff attended long term training. The target was achieved by 87.1%.
		To develop Organisation Structure, Scheme of Service and Salary Structure.	The documents developed by June 2021.	Organisation Structure was approved by the Board and PS-UTUMISHI pending approval of the Chief Secretary. The Scheme of Service and Salary Structure was prepared submission to the Board is pending approval of the Organisation structure.
		To install Vehicle Tracking Devices (VTD) to licensed intercity buses.	All intercity busses installed with Vehicle Tracking Devices	All intercity buses are installed with VTDs. By 30 June 2021 a total of 5,386 intercity buses were installed with VTDs.
		To implement Anti-Corruption Strategy through meetings and trainings to staff.	Conduct at-least one meeting on anti-corruption and good governance by 30 June 2021	The anti-corruption trainings were conducted during DRTR meeting which was held on 15 October 2020 and vetting of staff in November and December 2020.
		To conduct audit of LGAs to access internal controls and level of compliance in licencing of motor/tri-cycles.	Fifty-five LGA audits conducted by June 2021.	Audits in 24 LGAs were conducted during the financial year ended 30 June 2021. The performance is 44%
2.	Improved safety, security and quality of the land transport services	To scale up inspection and monitoring performance of regulated services	Number of road accidents involving regulated vehicles reduced by 10% by June 2021.	Number of reported road accidents declined by 1.6%, from 255 to 251 between FY 2019/20 and 2020/21. The number of fatalities declined by 28.8% from 236 to 168 deaths respectively.
			90% of planned freight trains arrive safely by June 2021.	71% of planned freight trains for 2020/21 arrived safely. The underperformance is due to accidents that interfered planned trains schedules.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

**DIRECTOR'S REPORT (Continued)
FOR THE YEAR ENDED ON 30 JUNE 2021**

SN	OBJECTIVE	ACTIVITY	EXPECTED TARGET	ACHIEVEMENTS
3.	Enhanced competitiveness and sustainability of regulated land transport services that serve socio-economic needs of the public	LATRA tariff to stabilize fares of regulated goods and services.	Period between tariff reviews increased to at least 18 months for bus operators and 36 months for railway operators by June 2021.	Two reviews were conducted for Moshi - Arusha passenger train fares and interurban bus fares. The reviews were conducted in the first and the fourth quarters.
		To conduct safety inspection on railway rolling stock and equipment	Increased train reliability from 70% to 80% by June 2021.	The reliability of trains increased to an average of 90%. This was contributed also by improvements in rolling stock.
			Increased accident and incidents free days from 250 to 300 days per year by end of June 2021.	The target was not achieved though improvement was noted. The accident-free days increased from 250 to 271 days for TRC and 250 to 262 days for TAZARA due to deterioration of infrastructure.
4.	Improved environmentally sustainable and socially compatible land transport services	To conduct inspections to ascertain use of dustbins to collect waste in buses.	Quarterly inspections conducted to monitor provision of Waste Bins in all operating buses by end of June 2021.	A total of twenty (20) joint inspections were conducted in Dar es Salaam Njombe, Kilimanjaro, Shinyanga, Morogoro, Geita, Tanga and Coast regions along major road corridors on 24/7 basis. Regular inspections were conducted at regional bus terminals in all 26 regions of Mainland Tanzania. During the inspections passengers were sensitized to use dustbins. Stickers were also installed in intercity and commuter buses
5.		To inspect railway transport on compliance with national and international environmental regulation and standards	Two (2) inspections to monitor compliance of railway transport with National and International safety and environmental regulations by June 2021.	Two inspections were conducted at TAZARA and TRC depots and workshops from 04 to 16 April 2021. Oils/fuel spillages was very little.
6.	Enhanced policy, legislative, regulatory and institutional framework for regulated services.	To review and harmonise laws, regulations and rules.	One Law, Rules or Regulation Governing Authority's Operations enacted by June 2021.	Seven draft Regulations to implement the Act were developed during the year, 2020/21. The Regulations are the LATRA (Terms and Conditions for provision of public transportation) Regulation, 2021, the LATRA (Infrastructure and Safety Plan) Regulation, 2021, the LATRA (Complaint Handling Procedures) Rules, 2021, the LATRA (Railway Open Access) Regulation, 2021, the LATRA (Safety Coordination of Road and Railway) Regulation, 2021, the LATRA (Transport Facilitation) Regulation, 2021 and the LATRA (Mandatory Vehicle Inspection) Regulation, 2021.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

1.11.2 Financial Performance

During the year ended 30 June 2021, the Authority earned a total revenue of TZS 25.95 billion (2019/20: TZS 24.00 billion). All the revenue came from Non-Exchange Transactions. The Table below summarizes the revenue collection.

Table of Revenue Collection (All figures in TZS "000")

Revenue Item	2020/2021	2019/20	Change	%
	TZS	TZS	TZS	Change
Road Transport Licensing Fees	16,648,057	15,375,789	1,404,102	9.1
Service Provider Annual Levy	454,219	538,327	(84,108)	(15.6)
Other Income	8,843,227	8,054,420	788,807	8.2
Exchange Gain/(Loss)	(288)	26,498	(26,498)	(100)
Total	25,945,215	23,995,034	1,950,469	8.1

The expenditure for the Authority during the financial year ended 30 June 2021 amounted to TZS 24.23 billion (2019/20: TZS 22.42 billion), which is TZS 0.3 billion below the final budget of TZS 24.53 billion. The saving in expenditure is attributed to expenditure controls and postponement of some activities especially foreign travel due to Covid 19 restriction.

Contribution to the Government Consolidated Fund during the year ended 30 June 2021 was TZS 4.82 billion (2019/20: TZS 3.88 billion) and contribution to other National and International bodies was TZS 1.13 billion (2019/20: TZS 744.58 million). The Authority recorded a surplus of TZS 1.71 billion during the year.

Capital expenditure during the year ended 30 June 2021 amounted to TZS 1.298 billion, out of which, TZS 1.18 billion was used to purchase property and equipment and TZS 117.8 million covered Intangible Assets.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

**DIRECTOR'S REPORT (Continued)
FOR THE YEAR ENDED ON 30 JUNE 2021**

REVIEW OF BUSINESS PERFORMANCE (Continued)

Review of Key Ratios

To track performance of the Authority the following ratios are used;

Ratio	Purpose	2020/21	2019/20	2018/19	Remarks
Current Ratio	Ability to pay short term liabilities with current assets	2.3:1	1.6:1	1.6:1	High Liquidity.
Quick ratio	Ability to pay current liabilities without realization of inventory	2.1:1	1.5:1	1.5:1	High Liquidity except 2019/20.
Gearing ratio (Total debt/Total equity)	Demonstrate to what degree are the operations of the organization funded by debt financing vs equity capital.	0.16	0.2	0.6	The organization's debt-to-equity ratio improved (i.e. decreased) for the 3 years as the organization gearing ratios were below 1, which is low proportion of debt to authority's equity.
Gearing ratio (Total debt/Total assets)		0.15	0.16	0.39	
Equity ratio	Measure proportion of owners' investment in total assets of the organization.	0.86	0.84	0.61	During the years 2019 to 2021, the organization's equity financed total assets by more than 50%.

In general, the financial performance results indicate that the Authority's existing sources of revenue can sustain its operations.

During the financial year ended 30 June 2021, the Authority performed most of the planned activities. Some of the key results/major activities and developments which took place during this period included the following:

A) Enhancing Authority's Capacity to effectively and efficiently discharge its regulatory responsibilities

In a bid to achieve this goal, the Authority continued to finance its own operations through collection of its revenue from the approved sources. The revenue collected for the financial year 2020/21 amounted to TZS 25.95 billion (2019/20: TZS 24.00 billion). Moreover, the Authority continued to enhance its human resource through training whereby all targeted staff attended relevant training on; transport planning, development and management as well as railway infrastructure and economic regulation to enable them to acquire skills necessary for regulation of the subsectors.

The Authority developed seven draft regulations to facilitate implementation of its Act. The regulations will be presented to stakeholders for their inputs during meetings which are planned for the financial year 2021/22.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

B) Improving Safety, security and quality of the Land Transport Services

A number of initiatives were taken under this goal; these included provision of public awareness programmes on roads transport safety, scaling-up monitoring and inspection of railway infrastructure, equipment and rolling stock. Due to these initiatives, the transport sector experienced a marginal reduction in number of accidents in the year. The following are salient performed activities:

a. Enhancing Safety in Railway Transport

i) Pre-shipment inspection of rolling stock

Pre-shipment inspection of 8 wagons out of 44 wagons (in China) was conducted online during the period under review and nothing wrong was noted on the inspected wagons. However, the 44 wagons will be physically inspected in Dar es Salaam after arrival.

ii) Inspection of coaches

The inspection of passenger train coaches for both railway systems was conducted, and it was noted that out of 48 inspected coaches 36 of them were overdue for general repairs. However, stepladders for Kigoma based passenger train were bent as a result of bad track between Kaliua and Kigoma stations. Plan to rehabilitate the dilapidated tracks through World Bank loan is on-going.

iii) Accident Analysis

Root cause analysis was conducted on 12 railway accidents. 3 of them involved passenger trains and 9 of them involved goods trains. The main cause of accident was violation of train working rules and procedures. Safety awareness campaign to all safety critical worker was recommended and implementation is ongoing.

iv) Installation of Vehicle Tracking Devices to Locomotives

Installation of vehicle tracking devices on TAZARA commenced whereby 17 locomotives will be connected to the system and all train will be monitored throughout the line (from Dar es Salaam to New Kapiri Mposhi).

v) Monitoring Compliance of Commuter Operations with Safety Plans

The Authority monitored operations and safety of commuter trains services for TAZARA and TRC in Dar es Salaam. Despite challenges both commuter trains were found to perform successfully. The challenges emanated from aged equipment with worn out wheelsets, damper springs and retaining springs and operates with few coaches with overdue periodical maintenance. Pugu and Mwakanga commuter trains were found to be congested especially at peak hours.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

**DIRECTOR'S REPORT (Continued)
FOR THE YEAR ENDED ON 30 JUNE 2021**

REVIEW OF BUSINESS PERFORMANCE (Continued)

Pre-shipment inspection of rolling stock (Virtual inspection)		
Inspected wagons	Total wagons	Remarks
8	44	The inspected wagons were in good order.
Inspection of coaches		
Inspected Coaches	Total Coaches	
48	48	36 were overdue general repairs which pose risks in operation of passengers
Accident Analysis (Root Cause Analysis - RCA on TRC rehabilitated line)		
Total accidents	RCA	
12	12	Causes are violation of rules.
Installation of Vehicle Tracking Devices to Locomotives		
Total fleet	Installed	
17	1	All TAZARA locomotives will be installed with vehicle tracking system.
Monitoring Compliance of Commuter Operations with Safety Plans		
Number of Trains TRC	Number of Trains TAZARA	
2	1	Trains are conducting trips as scheduled with challenges on low preventive maintenance.

b. Enhancing Road Safety

During the period under review, cases of recorded road accidents, deaths and injuries caused by passenger carrying vehicles, trucks and motor cycles were collected and analysed as follows:

(i) Road Crashes

Total number of reported road accidents in the period under review declined by 1.6%, from 255 to 251 accidents when compared to a similar period in FY 2019/20. In a similar analysis, the number of road accidents involving passenger vehicles increased by 22.4% while declined for trucks and motorcycles by 20.0% and 10.4% respectively.

(ii) Fatalities

The total number of reported deaths caused by regulated services decreased by 28.8% in the FY 2020/21 from 236 in FY 2019/20 to 168. In the similar analysis, number of deaths involving passenger vehicles, trucks and motorcycles declined by 21.0%, 27.3% and 39.5% respectively.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

(iii) Injuries

The total number of reported injuries related to regulated services decreased by 21.9% in the FY 2020/21 from 407 in FY 2019/20 to 318. In a similar analysis, number of injuries involving passenger vehicle, motorcycle and trucks accidents declined by 8.3%, and 46.6% and 43.2 respectively.

Among the reported accidents includes a road accident that occurred on 22 June 2021 in Morogoro whereby nine passengers died. The accident involved a minibus (coaster) and a truck.

Summary of road accidents, Death and Injuries is provided in Table 3.

Item / Category	Financial Year	Accidents	Deaths	Injuries
Passengers (P.S.V)	2019/20	85	100	254
	2020/21	104	79	233
	% Change	22.4	(21)	(8.3)
Trucks (H.D.V)	2019/20	55	55	58
	2020/21	44	40	31
	% Change	(20)	(27.3)	(46.6)
Motorcycles	2019/20	115	81	95
	2020/21	103	49	54
	% Change	(10.4)	(39.5)	(43.2)
Total	2019/20	255	236	407
	2020/21	251	168	318
	% Change	(1.6)	(28.8)	(21.9)

Source: Tanzania Police Force

The Authority, in collaboration with other institutions, continued to place emphasis on fitting intercity buses with tracking devices connected to a real-time automated monitoring system, intensive road-side inspections and use of helmets for drivers and passengers on motorcycles.

C) Enhancing Competitiveness and Sustainability of regulated land transport services that serve socio-economic needs of the public

During Financial Year 2020/21, the Authority implemented various planned activities to strengthen effective competition in the regulated land transport sectors through reviewing and establishing cost of services, regulating tariff and charges, monitoring and evaluation including conducting regular performance analysis for the regulated sectors.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

(i) Market surveys on Land Transport Services

(a) Monitoring surveys of Intercity Bus Services

The Authority developed conducted market survey through monitoring bus services from 21 to 30 June 2021. The monitoring was conducted for the following routes to assess quality and availability of interurban bus services:

- Dar es salaam to Tabora via Itigi
- Tabora to Mbeya via Chunya
- Mbeya to Mpanda
- Mpanda to Kigoma via Uvinza
- Kigoma to Da res Salaam via Tabora

The Authority noted some challenges including poor road infrastructure from Tabora to Mbeya and Mpanda to Kigoma, overbooking passengers including old and unreliable buses that hampered quality of bus services in those routes.

(b) Monitoring surveys of Passenger Train Services

The Authority conducted market survey through monitoring TRC passenger train services from Tabora to Mpanda (Kaliuwa to Mpanda) in order to assess level of demand, challenges come up with appropriate measures to improve the service in railway section.

(ii) Costing Models and Tariff-Review

The Authority developed three (3) costing models for regulating tariff and charges on regulated land transport services. Similarly, tariff reviews processes of some of regulated services were initiated as guided by LATRA Act, 2019 and LATRA (Tariff) Regulations, 2020. Status of developed activities is as follows: -

a) Costing Models

Three (3) costing models were developed to facilitate determination of economic fares for various regulated services. The developed costing models are as follows:

- (a) Private Hire (Conversional Taxi Cab Services) Tariff Model
- (b) Ride Hailing (Online Taxi Cab Services) Tariff Model
- (c) Private Hire (Airport Taxi Services) Tariff Model

Additionally, the Authority improved the Interurban Bus Costing Model to accommodate changes of relevant economic, technological and legislative variables.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

b) Tariff Setting

The Authority received TRC's tariff application for Moshi - Arusha shuttle train fares. The Authority conducted two (2) stakeholders' meetings in Kilimanjaro on 27/08/2020 and Arusha (28/08/2020) respectively in order to collect stakeholder's views to guide the Authority in regulatory fare determination and decisions. The final Analysis Report on TRC fares was prepared and submitted to LATRA Board of Directors for deliberations and approval through Board Order.

The Authority also reviewed and submitted to the Board fares for interurban bus services including determination of economic charges for ride hailing (online) taxi services and private hire (conversional taxi cabs) services. The analysis on interurban fares showed insignificant changes and the Board approved to maintain the existed rates. The Board also approved proceeding with process of collecting stakeholders' views for ride hailing and private hire transport service charges in order to comply with Section 21 (2) (b) of LATRA Act, 2019. The law requires the Authority to conduct an inquiry before making decisions of issues of competition in nature in the regulated sector.

(iii) Transport Data Collection and Analysis

The Authority collected and analysed data for preparing corporate performance reports. The report covers:

- a) Number of licensed motorcycles, tricycle, Passenger Service Vehicles (PSV) and Goods carrying Vehicles (GCV);
- b) Financial performance;
- c) Railway occurrences, deaths and injuries;
- d) Road crashes, deaths and injuries; and

The analytical reports provide information to guide the Authority in decision making regarding land transport regulatory matters.

(iv) Open Access in Railways

The Authority coordinated preparation of Draft Regulations to facilitate railway open access. Approval and operationalization of the regulation will allow multiple service providers on TRC-Meter Gage Railway (MGR) transport operations to strengthen competition.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

(v) Corporate Performance Evaluation

The Authority evaluated progress on various implemented activities for the FY 2020/21. Quarterly Performance reports were prepared and submitted to the Board for deliberations. Similarly, specific reports were prepared in line with the Government and Parliament directives such as Ministerial monthly performance reports, quarterly report on status of implementing performance agreement signed between LATRA and Office of Treasury Registrar and implementing directives of the President regarding prompt handling of complaint in all public service offices.

(vi) Research and Review of Key Performance Indicators

The Authority initiated process to engage consultant to undertake a study on socio economic impact of commercial tricycle and motorcycles operations in Mainland Tanzania. The main objective of the study was to establish socio-economic impact of motorcycles and tricycles offering private hire transport services in urban and sub-urban centres in Mainland Tanzania.

The Authority also initiated processes to review Key Performance Indicators (KPIs) and benchmarks for Tanzania Railways Corporations MGR and SGR including cap gage railway for Tanzania Zambia Railway Authority. The KPIs intends to improve operations of railway transport in Tanzania.

D) Improving Environmentally sustainable and socially land transport services

The Authority exercised an oversight on issues of environmental sustainability and socio - economic needs while discharging its functions in connection with provision of regulated transport services.

In road subsector, the Authority conducted a total of 14 environmental preservation inspection along highways in which two (2) buses were penalized by stopping in places along the road with no social facilities including toilets. The inspection revealed that some areas along the highway were littered by food leftovers and most of toilet facilities of inspected terminals were untidy.

The Authority also conducted awareness programmes on the effects of exhaust emissions during the World Environment week which was held from 2 to 4 June 2021.

In the railway's subsector, four (4) inspections were conducted to ensure full compliance with national and international environmental regulation and standards.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

E) Improved Legislative, regulatory, policy and institutional framework for regulated land transport subsectors.

During the financial year 2020/21, the Authority under supervision of the Minister responsible for transport, facilitated preparation of five (5) draft regulations. The Authority further attended Court on litigation matters which were initiated against. Below is a detail of them:

(i) Preparations of Draft Regulations

- (a) LATRA (Complaints Handling Procedures) Rules, 2021
- (b) LATRA (Terms and Condition for Provision of Public Transport) Rules, 2021
- (c) The Railways (Open Access) Regulations, 2021
- (d) LATRA (Safety Coordination for land Transport Activities) Regulations, 2021
- (e) LATRA (Facilitation of Land Transport Activities) Regulations, 2021

The Authority also continued to make follow up on reviews and operationalization of the following regulations: -

- (a) Transport Licensing (Public Service Vehicles) Regulations, 2020,
- (b) Transport Licensing (Goods Carrying Vehicles) Regulations, 2020;
- (c) LATRA (Tariff) Regulations, 2020;
- (d) LATRA Review Procedures Rules, 2020;
- (e) LATRA Levies Regulations, 2020;
- (f) LATRA (Certification of Commercial Road Drivers and Registration of Crew) Regulations, 2020;
- (g) LATRA (Registration of Train Drivers and Registration of Crew) Regulations, 2020; and
- (h) LATRA (Private Hire) Regulations, 2020.

The proposed regulations are expected to enhance regulatory mechanisms of land transport services.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

(ii) Litigation

The Authority through Legal Services Department attended various cases lodged at various courts and tribunal as follows:

a) Umoja wa Madereva Tanzania (UWAMATA) Vs SUMATRA

This involved Civil Case No. 87/2019 between Umoja wa Madereva Tanzania (UWAMATA) and SUMATRA at High Court of Tanzania -Main Registry. UWAMATA sued the Authority for the allegedly wrong charging of fine arising from over speeding when they are reported via Authority Vehicle Tracking System. The Court suspended the fines and hearing of the main suit is proceeding.

On 1 June 2021, the matter was adjourned to 3 June 2021 where the Court ordered the parties to frame issues and agreed upon for the Courts determination on the 15 July 2021. The matter was scheduled for hearing on 9 September 2021.

On 9 September 2021, when the matter was set for hearing the Applicant's requested the Court to adjourn the matter on ground that, their Attorney was not present. The Court adjourned the matter and informed the parties that, the file will be returned to the Judge in charge for re-assignment to another Judge because the presiding Judge is retiring. The Court ordered the parties to appear for mention on 21 September 2021.

On 21 September 2021, the parties were informed that, the case have been re-assigned to Hon. Mgonya J. and the matter will be called for hearing on 2 November 2021. On 2 November 2021 it was agreed that the matter will be heard consecutively. Therefore, hearing of Plaintiff and Defence witness was conducted on 17, 18 22, and 24 November 2021. Final submission will be filed on or before 6 December 2021.

b) Tanzania Bus Owner Association against Attorney General and LATRA

Land Transport Regulatory Authority and Attorney General v The Registered Trustees of Tanzania Bus Owners Association (High Court of Tanzania) Arising from Civil Application No.46 of 2020) Bill of Costs No.55 of 2020) on 27 April 2021. The matter was called for Ruling and D.C Kamuzora awarded Decree Holders TZS 2,400,000 as a cost of the suit. Following the ruling, on 1 June 2021 Decree Holders drafted a letter with reference number OSG/TAX/DEC/2020/2 to Judgement debtor (TABOA) to pay the costs.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

c) Hilda Mato V LATRA

The Authority attended Misc. Application No. 561/2018 at High Court of Tanzania between. Hilda Mato (Plaintiff) and LATRA.

On 22 April 2021 the matter was coming for Ruling but it was adjourned until 6 May 2021.

On 22 April 2021 the matter was coming for Ruling but it was adjourned until 6 May 2021. Since 6 May 2021 the matter has been re-adjourned for quite numbers of date to wit 3 June 2021, 24 June 2021, 26 August 2021 and 7 October 2021. On 7 October 2021 the matter was scheduled for ruling on 2 December 2021.

d) Masoud Omary Kivale V SUMATRA

The Authority attended Taxation Case No. 42 of 2021 at Resident Magistrate Court of Iringa lodged by Masoud Omary Kivale against SUMATRA.

On 15 April 2021 the matter was scheduled for mention, but parties agreed to settle the matter outside the Court. Settlement Deed was filed in Court on 29 April 2021. Parties agreed to settle the matter outside the Court, and Settlement Deed was filed on 5 May 2021 and LATRA agreed to pay TZS 17,000,000 as a remedy to Masoud Kivale. Therefore, this matter is marked "Closed".

e) Benjamin Mpezeko and Others v Amanuel Sekulu

The Authority attended Civil Case No. 1 of 2021 at the High Court of Tanzania in Kigoma lodged by Benjamin Mpezeko and others against Amanuel Sekulu and three (3) others.

On 8 April 2021 the matter was adjourned until 13 May 2021. On the material day of 13 May 2021, the matter was called for hearing but presiding Judge raised issues which he ordered to be addressed by the parties. On set date of 27 May 2021 hearing of the issues was conducted and on 28 June ruling was delivered and court struck out the suit and restored it to District Court for determination.

f) Juma Hamad Juma and Tanzania Drivers Association V Land Transport Regulatory Authority and Oliver Investment

The Authority attended Misc. Application No. 57 of 2021 at Temeke District Court. On 24 August 2021 the matter was set for Mention and Rejoinder, the Applicants prayed to resolve the matter amicably. The prayer was granted and settlement deed was filed on 16 September 2021. Therefore, this matter is marked "Closed".

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

REVIEW OF BUSINESS PERFORMANCE (Continued)

F) Improved Access and Dissemination of Information

The initiative to improve access and dissemination of information focused on undertaking of research, studies, periodic surveys and performance reviews. Towards this end, The Authority continued to make follow-up to key stakeholders to request for progress on implementation of recommendations of the following studies:

- i) Road Safety
- ii) Road Traffic Congestion
- iii) Extent of Competition

1.12 HIGHLIGHT OF SIGNIFICANT ACCOUNTING POLICIES

LATRA being a non-commercial public entity has prepared and presented its Financial Statements in compliance with IPSAS Accrual Basis. The Authority's significant accounting policies are provided under the Notes to the Financial Statements. The Policies have consistently been applied by the Authority throughout the reporting period.

1.13 FUTURE DEVELOPMENTS PLANS

The Authority is implementing its mandate as stated in the LATRA Act. No. 3 of 2019. In particular, the Authority will expedite implementation of the new Regulations for inspection of vehicles and registration of crew and certification of drivers. The two initiatives will reduce further road accidents and serve lives and properties.

Furthermore, the Authority will continue to collaborate with other stakeholders, to ensure electronic bus ticketing system which was developed by NIDC for issuing of bus tickets is put to use sooner than later. The system is expected to reduce costs and time taken by passengers to obtain tickets and is expected to increase revenues to bus operators and the Government.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

1.14 SOLVENCY AND GOING CONCERN

The Board confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Authority's total liability at 30 June 2021 was TZS 2.8 billion (30 June 2020: TZS 3.2 billion) and total assets was TZS 20.4 billion (2020: TZS 19.5 billion).

The Authority did not seek financing through leverage or source other than those specified in the enabling legislation.

The Authority's state of affairs as at 30 June 2021 is shown in the accompanying Statement of Financial Position. The Statement of Financial Position as at 30 June 2021 showed a net working capital of TZS 3.6 billion (2020: TZS 2.16 billion) which indicates that the Authority was a going concern. The Board considers the Authority to be solvent on the basis of the working capital position.

1.15 RESPONSIBLE BEHAVIOUR TOWARDS STAKEHOLDERS/CUSTOMERS

The Authority believes that the stakeholders and customers are what make the Authority exist. Several measures have been taken to institute a responsible behaviour towards members of the Authority and other stakeholders. These measures include, but not limited to, holding interactive meetings, seminars and workshops; provide education through media and improving customer services at our offices.

1.16 CORPORATE GOVERNANCE

The Authority is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability. The Board of Directors consists of seven (7) Directors with qualifications and experience on areas of law, engineering, transport logistics, human resources management finance and accounting.

The Board has the overall responsibility for the activities of the Authority, including responsibility for identifying key risk areas, considering and monitoring investment decisions, significant financial matters and reviewing performance of management business plans and budgets.

a) Compliance with Laws and Regulations

The principal functions and operations of the Authority are governed by the LATRA Act. No.3 CAP 413. The Directors confirm that the activities and operations of the Authority were conducted in accordance with the Act and there was no information on non-compliance with the act and other applicable laws and regulations that would have material impact on the Authority.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

CORPORATE GOVERNANCE (Continued)

b) Reliability of Accounting Records

The Authority has employed sufficient and competent staff in the Finance Department. During the year, the Authority migrated from computerized accounting system known Epicor IFMS Version 10.2 to the Government *Mfumo wa Malipo Serikalini* (MUSE). Accordingly, proper books of account have been maintained and the financial statements are prepared and presented in compliance with the International Public Sector Accounting Standards (IPSAS).

1.17 EMPLOYEES' WELFARE

i) Management and Employees' Relationship

There was harmonious relationship between the employees of the Authority and the Management during the year under review. There were no unresolved complaints received by the Board from the employees during the year. A healthy relationship continues to exist between Management and COTWU-Branch.

ii) Medical Assistance

During the year, the Authority used National Health Insurance Fund (NHIF) to provide medical services to its staff and their dependents. On emergency cases and where treatment could not be covered by NHIF, actual costs of medical bills were refunded to staff. Medical expenses during the year amounted to TZS 347.6 million (2020: TZS328.65 million). Furthermore, the Authority continued to raise awareness to staff on HIV/AIDS issues and non-communicable diseases.

iii) Training Facilities

Training Programmes are continually being developed to ensure employees are adequately trained at all levels. Employees are given opportunity to attend short and long training programmes to upgrade their skills and enhance career development. During the year a total of TZS 442.4 million (2020: TZS 136.4 million) was spent as tuition fee for short training programmes.

iv) Persons with Disabilities

LATRA is an equal opportunity employer and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities, will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the Authority continues and appropriate training is arranged.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

1.18 GENDER PARITY

The Authority had 124 employees during the year ended 30 June 2021 (113: 30 June 2020). Most of the employees were transferred to the Authority from the former regulator SUMATRA as required by Section 49 of the LATRA Act.3 of 2019. Out of the 124 employees, 98 were male and 26 were female as shown below:

Gender	30.06.2021		30.06.2020	
	No.	%	No.	%
Male	98	77.9	88	77.9
Female	26	22.1	25	22.1
Total	<u>124</u>	<u>100</u>	<u>113</u>	<u>100</u>

Generally, the Authority gives equal opportunity to all people on recruitment process to fill vacant employment positions.

1.19 RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties are those who have the ability, authority and responsibility for planning, directing and controlling the activities or exercise significant influence in making financial and operating decisions.

For the Authority, the Board members and Key Management Employees are related parties in this case. This includes any Director whether executive or non-executive. Specifically, they involve members of the Board of Directors and Management employees (Directors, Head of Units and Managers). The related party transactions are disclosed in **Note 27**.

1.20 CORPORATE SOCIAL RESPONSIBILITIES

The Authority acknowledges its responsibility to respond to community social needs. LATRA's Corporate Social Responsibility interventions included commitment to active participation in environment protection and promotion of socio-economic development of our society through extension of financial support towards implementation of community development projects. During the year ended 30 June 2021, the Authority spent TZS 43.52 million (2020: TZS 68.28 million) to support a number of social and economic development initiatives implemented throughout the country.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued) FOR THE YEAR ENDED ON 30 JUNE 2021

CORPORATE SOCIAL RESPONSIBILITIES (Continued)

The Table below shows areas which were supported:

S/N	BENEFICIARY	PURPOSE OF THE DONATION/CONTRIBUTION	AMOUNT (TZS)
1	Martha Sebastian John	Best student award on Logistic and Transport Management of NIT.	1,000,000.00
2	Dodoma Maendeleo	Supply of 300 bags of cement to support school construction.	5,000,000.00
3	Songea Mississippi Foundation	Sponsorship for educating motor and tricycle riders on road safety.	5,000,000.00
4	Iringa Municipal Council	Supplying 200 bags of cement to support construction of classrooms.	3,400,000.00
5	National Road Safety Council	Supporting work meeting to resolve road safety matters.	15,000,000.00

1.21 POLITICAL AND CHARITABLE DONATIONS

The Authority did not make any political donations during the year ended 30 June 2021. Donations were made as part of corporate social responsibility to institutions and charitable organizations to acknowledge LATRA's responsibility to community social needs.

1.22 ENVIRONMENTAL CONTROL PROGRAMME

LATRA believes that environmental awareness plays a vital role in shaping public attitudes. Public education inculcates the habits of preservation and conservation of nature in the general public. It is for this reason that LATRA has been reminding transport operators and the public at large to observe minimum environmental standards propounded by environmental conservation agencies.

During the year ended 30 June 2021 through its educational programs, LATRA equipped people with the necessary knowledge, attitude and motivation for the prevention of pollution and resource deterioration. Bus and truck operators were required as a matter of law to ensure vehicles are equipped with rubbish bins or litter bags to prevent passengers from indiscriminate disposal of solid waste that have far-reaching environmental consequences. Public notices warning passengers against such malpractices were encouraged. The public was also encouraged to plant more trees to help convert excess carbon dioxide back to oxygen. Similarly, those in the transport industry were encouraged to use natural gas instead of diesel and keep their cars in good running condition.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

DIRECTOR'S REPORT (Continued)
FOR THE YEAR ENDED ON 30 JUNE 2021

1.23 STATUTORY AUDITOR

The Controller and Auditor General is the statutory auditor of Land Transport Regulatory Authority (LATRA) by virtue of article 143 of the Constitution of the United Republic of Tanzania as amplified under Sections 9 of the Public Audit Act, Cap 418 (R.E 2021). However, in accordance with Section 33(1) of the same Act, M/s Auditax International were authorized to carry out audit of the Authority jointly with the Controller and Auditor General.

This report was approved by the Board of Directors on _____, 2022 and signed on its behalf by:

Ag. Chairman: Mr. Henry M. Bantu (FCILT) *Signature:_____Date:*

Director: Dr. Stephen L. Mwakajumilo *Signature:_____Date:*

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

2.0 STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE YEAR ENDED 30 JUNE 2021

The Directors are responsible to ensure that the Authority prepares financial statements that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and changes in net assets of the Authority for the year. The auditors' responsibility is to express an opinion on the financial statements based on their audit. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the requirements of the International Public Sector Accounting Standards (IPSAS).

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. The Directors are responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for prevention and detection of fraud, errors and other irregularities.

The Board is committed to oversee the ongoing institutional changes to ensure LATRA implements fully functions stipulated in its Act with the view of enhancing safety of the regulated sector, increase efficiency and level investments within the sectors.

This Statement was approved by the Board of Directors on _____, 2022 and signed on its behalf by:

Mr. Henry M. Bantu (FCILT)
Acting Chairman

Signature: _____ **Date:**

Dr. Stephen L. Mwakajumilo
Director

Signature: _____ **Date:**

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

3.0 DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTING

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 and 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/Management to discharge the responsibility of preparing financial statements showing true and fair view of the Authority's 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 under the Statement of Directors Responsibility on the above page.

I, **Samuel D. Keenja** being the Head of Finance and Accounting of LATRA, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2021 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 LATRA as on that date and that they have been prepared based on properly maintained financial records.

Signature: _____

Signed by: Samwel D. Keenja

Position: Acting Director, Finance, HR and Administration.

NBAA Membership No.: ACPA 1866

Date: _____ March, 2022.

4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board

Land Transport Regulatory Authority,
P.O. Box 3093,
DAR ES SALAAM

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Land Transport Regulatory Authority, which comprise the statement of financial position as at 30 June 2021, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Land Transport Regulatory Authority as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in sections below entitled “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of Land Transport Regulatory Authority in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

**INDEPENDENT REPORT OF CONTROLLER AND AUDITOR GENERAL
ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

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.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

INDEPENDENT REPORT OF CONTROLLER AND AUDITOR GENERAL ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

As part of an audit in accordance with ISSAI, 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.
- 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 communicated 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.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

INDEPENDENT REPORT OF CONTROLLER AND AUDITOR GENERAL ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 benefits of such communication.

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

Further, Section 48(3) of the Public Procurement Act, 2011 (amended in 2016) 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.

4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

Compliance with the Public Procurement Laws.

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

I performed a compliance audit on procurement of goods, works and services in the Land Transport Regulatory Authority for the financial year 2020/21 as per the Public Procurement Laws.

Conclusion

Based on the audit work performed, I state that, procurement of goods, works and services of Land Transport Regulatory Authority is generally in compliance with the requirements of the Public Procurement Laws.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2022

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

5.0 STATEMENT OF FINANCIAL POSITION AS AT 30 June 2021

	Note	2020/21 TZS ('000)	2019/20 TZS ('000)
ASSETS			
Current Asset			
Cash and Cash Equivalents	16	4,588,616	3,571,560
Inventories	19	470,872	319,016
Other Financial Assets	20	148,395	148,395
Prepayments	18	952,632	544,941
Receivables	17	244,030	647,222
Total Current Asset		6,404,545	5,231,134
Non-Current Asset			
Intangible Assets	22	108,948	53,735
Property, Plant and Equipment	21	13,870,703	14,249,750
Total Non-Current Asset		13,979,651	14,303,485
TOTAL ASSETS		20,384,196	19,534,619
LIABILITIES			
Current Liabilities			
Payables and Accruals	23	2,834,907	3,219,098
Total Current Liabilities		2,834,907	3,219,098
TOTAL LIABILITIES		2,834,907	3,219,098
Net Assets		17,549,289	16,315,521
NET ASSETS/EQUITY			
Taxpayers/Share Capital		17,047,108	17,047,108
Accumulated Surpluses / (Deficits)		502,181	(731,587)
TOTAL NET ASSETS/EQUITY		17,549,289	16,315,521

The financial statements were authorized for issue by the Board of Directors on _____ March, 2022 and were signed on its behalf by:

Name: Mr. Henry M. Bantu (FCILT)

Title: Acting Chairman

Signature: _____

Name: Dr. Stephen L. Mwakajumilo

Title: Member

Signature: _____

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

6.0 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2021

Revenue	Notes	2020/21	2019/20
		TZS ('000)	TZS ('000)
Revenue from Non-Exchange Transaction	8	25,625,685	23,894,725
Revenue from Exchange Transactions	9	319,818	73,811
Other Income	10	(288)	26,498
TOTAL REVENUE		25,945,215	23,995,034
EXPENSES AND TRANSFERS			
Expenses			
Amortization of Intangible Assets	22	62,564	754,581
Bad Debt		-	46,696
Depreciation of Property, Plant and Equipment	21	1,666,271	1,281,100
Impairment of receivables	37	299,571	-
Maintenance Expenses	14	380,038	230,611
Provision of Obsolete Inventories	19	201,771	-
Social Benefits	12	1,530,634	1,470,921
Supplies and Consumables Used	13	6,138,719	6,152,899
Wages, Salaries and Employee Benefits	11	8,006,966	7,860,411
Total Expenses		18,286,534	17,797,219
Transfers			
Grants, Subsidies and other Transfer Payments	15	5,946,499	4,623,188
Total Transfers		5,946,499	4,623,188
TOTAL EXPENSES AND TRANSFERS		24,233,033	22,420,407
Surplus		1,712,182	1,574,627

Notes form part of these financial statements.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

7.0 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2021

	Note	Taxpayer's Fund	Accumulated Surplus/Deficit	Total
		TZS '000	TZS '000	TZS '000
At 01 July 2020		17,047,108	(731,587)	16,315,521
Prior year adjustments	35	-	(478,414)	(478,414)
Restated Balance		17,047,108	(1,210,001)	15,837,107
Surplus for the Year		-	1,712,182	1,712,182
At 30 June 2021		17,047,108	502,181	17,549,289
At 01 July 2019		17,047,108	(1,151,894)	15,895,214
Prior year adjustments				
Adjustment of TASAC's share in capital Fund		-	(3,150,427)	(3,150,427)
Contribution to Consolidated Fund		-	(500,000)	(500,000)
Depreciation Adjustment		-	2,496,107	2,496,107
Restated balance 01 July 2019		17,047,108	(2,306,214)	14,740,894
Surplus for the year			1,574,627	1,574,627
At 30 June 2020		17,047,108	(731,587)	16,315,521

During the year, the Authority recorded a surplus of TZS 1.71 billion (2019/20: TZS 1.57 billion). The Net Assets of the Authority as at 30 June 2021 stood at TZS 17.55 billion (30 June 2020: TZS 16.32 billion).

Notes form part of these financial statements.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

8.0 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2021

	NOTE	2020/21 TZS ('000)	2020/21 TZS ('000)
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Road Transport Fees and Levy	8	16,779,686	15,375,789
Revenue from Exchange Transactions	9	131,834	-
Other Revenue		18,423	-
Fees, fines, penalties and Forfeits	8	8,523,121	7,980,609
Total Receipts		25,453,064	23,356,398
PAYMENTS			
Wages, Salaries and Employee Benefits	11	8,006,966	7,860,411
Social benefits	12	1,530,634	1,470,921
Supplies and Consumables Used	13	6,138,719	6,152,899
Other expenses (Settlement of debts and Advances)		1,134,585	4,669,883
Maintenance Expenses	14	380,038	230,611
Grants, Subsidies and other Transfer Payments	15	5,946,499	5,752,232
Total Payments		23,137,441	26,136,957
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		2,315,623	(2,780,559)
CASH FLOW FROM INVESTING ACTIVITIES			
Investing Activities			
Acquisition of Property, Plant and Equipment	21	(1,180,791)	(6,144,035)
Acquisition of Intangibles	22	(117,776)	(3,948)
Total Investing Activities		(1,298,567)	(6,147,983)
NET CASH FLOW USED IN INVESTING ACTIVITIES		(1,298,567)	(6,147,983)
Net Increase		1,017,056	(8,928,542)
Cash to be Surrendered to Holding Account		-	-
Cash to be Surrendered to PMG		-	-
Cash and cash equivalent at beginning of period		3,571,560	12,500,102
Cash and cash equivalent at end of period	16	4,588,616	3,571,560

Notes form part of these financial statements.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

9.0 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 June 2021

Budget approved	Original budget	Adjustment	Final budget	Actual amount on accrual basis	Accrued amount	Actual amount on Comparable to Basis	Difference Final Budget Vs Actual	Reasons
	[A]	[B]	[C=A-B]	[D]	[E]	[F=D-E]	[C-F]	
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	
Revenue from Non-Exchange Transactions								
Road Transport Licensing Fees and Levies	26,910,256	(7,381,156)	19,529,100	17,102,276	(322,590)	16,779,686	(2,749,414)	Note 34
Other Income	9,703,008	(2,598,008)	7,105,000	8,843,227	(169,561)	8,673,666	1,568,666	Note 34
Total Revenue	36,613,264	(9,979,164)	26,634,100	25,945,503	(492,151)	25,453,352	(1,180,748)	
Payments								
Amortization of Intangible assets	-			62,564	62,564	-	-	
Depreciation of Property Plant and Equipment	-		-	1,666,271	1,666,271	-	-	
Impairment of Receivables	-		-	299,571	299,571	-	-	
Provision of Obsolete Inventories	-		-	201,771	201,771	-	-	
Maintenance Expenses	735,000	(431,241)	303,759	380,038	-	380,038	(76,279)	Note 34
Social Benefits	2,066,841	(392,517)	1,674,324	1,530,634	-	1,530,634	143,690	Note 34
Supplies and consumables used	10,897,178	(2,285,035)	8,612,143	6,138,310	1,519,817	7,658,121	954,016	Note 34
Wages, Salaries and Employees Benefits	9,694,297	(1,019,495)	8,674,802	8,006,967	(384,818)	7,622,149	1,052,653	Note 34
Grants, Subsidies and other transfers	6,858,080	(1,499,059)	5,359,021	5,946,499	-	5,946,499	(587,478)	Note 34
Total payments	30,251,396	(5,627,347)	24,624,049	24,232,625	3,365,176	23,137,441	1,486,602	
Surplus/(deficit) for the year	6,361,868	(4,351,817)	2,010,051	1,712,878	(3,857,327)	2,315,911	(2,667,350)	
Acquisition of Non-Current Assets	6,276,190	(4,070,190)	2,206,000	1,298,567	-	1,298,567	907,433	

The Authority prepared its budget on cash basis. As such the above statement has included an adjustment to align the financial statements to the budget. The explanations for the differences between budgeted and actual expenditures are given in **Note 34**.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

1.1 GENERAL INFORMATION

i) Establishment

Land Transport Regulatory Authority (LATRA) was established by Act No. 3 of 2019 as a regulatory authority in relation to the land transport sectors and came into operation effective from 29 April 2019 as per Government Notice No.358 published on 26 August 2019.

The current address of the Head office of the Authority is:

SUMATRA House,
Plot No. 454 Nkrumah Street,
P.O. P. O. Box 3093,
Dar es Salaam, Tanzania.

ii) Principal Activities

The Authority sectorial scope covers road transport; rail transport; cable and underground transport. The principal activities of the Authority are disclosed in the Directors' Report.

1.2 AUTHORISATION OF FINANCIAL STATEMENTS

The Authority's financial statements for the year ended 30 June 2021 were authorized for issue on _____ March, 2022 by the Board of Directors during its ____ Board Meeting held on _____ March, 2022.

2. BASIS OF PREPARATION

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB). The Director's Report is prepared in line with the Tanzania Financial Reporting Standard No. 1 (TFRS 1)- Directors Report as issued by the National Board of Accountants and Auditors (NBAA).

The financial statements are presented in Tanzanian Shillings (TZS), which is the functional and reporting currency of the authority and all values are rounded to the nearest thousand (TZS '000').

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

3. ACCOUNTING POLICIES AND ESTIMATES

The Authority has adopted a number of accounting policies and estimates which shall be used in the following years consistently. The effects of changes in accounting policy shall be applied in the respective year if retrospective application is impractical.

i) New and amended standards adopted by the Authority

The Authority has adopted, prepared and present its financial statements in compliance with IPSAS. The impact of this adoption has been disclosed in respective sections in these financial statements.

There are no standards and interpretations that are effective for the first time for the financial year beginning on or after the 1 July 20210 that would have material impact to the Authority.

ii) New standards and interpretations not yet adopted by the Authority

IPSAS 41, *Financial Instruments*

IPSAS 41, '*Financial Instruments*' was issued by the International Public Sector Accounting Standards Board (IPSASB) in August 2018. The objective of the standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard is effective for financial statements beginning on or after 1 January 2023.

IPSAS 42, *Social Benefits*

IPSAS 42, '*Social Benefits*' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2019. The objective of the standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits as defined in this standard. The information provided should help users of the financial statements and general-purpose financial reports to access the nature of such social benefits provided by the entity; the key features of the operation of those social benefit schemes; and the impact of such social benefits provided on the entity's financial performance, financial position and cash flows. This standard is effective for financial statements beginning on or after 1 January 2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies outlined below have been consistently applied to all the years presented except for the useful lives of items of property plant and equipment which have been changed and aligned to the Public Assets Management Guideline of 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

They are translated into Tanzanian Shillings at the exchange rate ruling at the dates of the transactions. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date.

Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

4.2 REVENUE RECOGNITION

Revenue from Non-exchange Transactions

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. The following specific recognition criteria must also be met before revenue is recognized:

i) In flow of resources: An inflow of resources from a non-exchange transaction recognized as an asset shall be recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As the Authority satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it shall reduce the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

ii) Other transfers: 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.

iii) Local taxes and levies: Taxes and levies are recognized when the taxable event occurs, and the asset recognition criteria are met.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 PROPERTY, PLANT AND EQUIPMENT

PPE are initially recorded at cost, which are those costs directly attributable to bring them to the location and condition necessary for them to be capable of operating in the manner intended by Management.

Subsequently, Property Plant and equipment are carried at cost less accumulated depreciation and impairment if any, except buildings which are reported at revalued amount less accumulated depreciation and accumulated impairment, if any.

Repairs and maintenance costs, if not adding to the useful life of PPE, are charged to the statement of financial performance during the financial period in which they are incurred.

The carrying amount of an item of PPE shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognizing of an item of PPE is included in the statement of financial performance when the item is derecognized, unless where IPSAS requires otherwise on a sale and leaseback.

Land is not depreciated; however, one of the fundamental principles of the land Policy that has been incorporated in the Government of Tanzania's 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/real property.

Depreciation on property, plant and equipment shall be provided for on a straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The depreciation period for property, plant and equipment shall be as follows:

<u>Description</u>	<u>Years</u>
Buildings	50
Plant & Machinery	15
Motor Vehicles	5
Office Equipment	5
Computers and Accessories	4
Furniture and Fittings	5
Residential Furniture and Equipment	5

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period and adjusted prospectively, if appropriate. In addition, the Authority stops charging depreciation on an asset when carrying amount equals its residual value.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount. Impairment losses are recognised in the Statement of Financial Performance in the period in which they are incurred.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Authority estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Authority derecognizes items of Property Plant and Equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance when the asset is derecognized.

4.5 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Where intangible assets are acquired in non-exchange transactions, the cost is their fair value at the date of the exchange. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed as finite. Intangible assets with a finite life are amortized over its useful life as follows:

<u>Description</u>	<u>Years</u>
Software	3

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTANGIBLE ASSETS (Continued)

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 Statement of Financial Performance as the expense category that is consistent with the nature of the intangible asset.

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 derecognized.

4.6 LEASES

i) The Authority as a Lessee

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in the Statement of Financial Performance on a straight-line basis over the lease term.

ii) The Authority as a Lessor

Leases in which the Authority does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Rent received from an operating lease is recognized as income on a straight- line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

4.7 CASH AND CASH EQUIVALENT

Cash and cash equivalents are stated in the statement of financial position at face value. Cash and cash equivalents referred to in the statement of cash flows comprise cash on hand, cash at Bank, non-restricted current accounts with Bank of Tanzania, deposits held at call with banks with an original maturity of three months or less and investments with maturity periods of three months or less in money market instruments.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 INVENTORIES

Inventories consist of stationery and other consumables. Inventory is measured at cost upon initial recognition. The cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and current replacement cost. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

Cost is determined on Weighted Average basis. Provision for obsolete inventories is made on specific inventory items considered obsolete. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

4.9 PROVISIONS

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

4.10 CONTINGENT LIABILITIES

The Authority does not recognize a contingent liability during the year ended 30 June 2020 but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

4.11 CONTINGENT ASSETS

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise, and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 EMPLOYEE BENEFITS

i) Short-Term Employees Benefits

The cost of all short-term employee benefits, such as leave pay, is recognized during the period in which the employee renders the related service. The Authority recognizes the expected cost of employee rewards only when the Authority has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

ii) Defined Contribution Plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a pension fund), and the Authority will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Authority and its employees contributed to the Public Service Social Security Fund (PSSSF) which is a defined contribution scheme. The Authority's contributions to the defined contribution scheme are charged to the statement of financial performance in the year to which they relate.

iii) Other Long - Term Employment Benefits

Gratuity - This is paid at the end of the contract to staff employed on contract for a specified period of time. Specifically, this is for Management employees who are not under pension scheme. Employees under pension scheme are not entitled to gratuity. The expected liability is provided on a straight-line basis over the contract period.

iv) Termination benefits

Termination benefits are payable when employment is terminated by the Authority before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after reporting date are discounted to present value..

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 IMPAIRMENT OF FINANCIAL ASSETS

The Authority assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.14 ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.15 RELATED PARTIES

The Authority 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, or vice versa. Members of key management are regarded as related parties and comprise the Board Members and Management employees. Related party transactions are disclosed under **Note 27**.

4.16 BUDGET INFORMATION

The annual budget is prepared on the cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. Adjustment for accrued amounts have been shown the statement of comparison of budget and actual amounts.

Explanatory comments are provided under **Note 33** to the annual financial statements; first, the reasons for overall growth or decline in the budget, followed by details of overspending or under spending on line items.

6 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority's financial statements requires estimates and assumptions of revenues, expenses, assets and liabilities. Management judgments is needed in establishing the assumptions and resulting estimates.

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.

Estimates and 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.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Useful Lives and Residual Values

Critical estimates are made by the management in determining depreciation rates for equipment and their residual values. The rates used are set out in the accounting policies section of these financial statements under **Note 5**.

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts (professional valuers) engaged by the Authority;
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- c) The nature of the processes in which the asset is deployed;
- d) Availability of funding to replace the asset; and
- e) Changes in the market in relation to the asset.

SIGNIFICANT JUDGEMENTS (Continued)

ii) Going concern

Management is not aware of any material uncertainties that may cast significant doubt upon the Authority's ability to continue as a going concern. Hence, the financial statements were prepared on the assumption that the entity is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future.

iii) Impairment of financial assets

The Authority assesses at each reporting date whether a financial asset or group of financial assets have been impaired. Only if there is objective evidence of impairment of a loss event, the financial asset is deemed to be impaired.

iv) Revaluation of building

The Authority carries its buildings at fair value, with changes in fair value being recognised in the statement of change in net assets.

v) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Authority is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The impairment of non-financial assets is explained further in **Note 5.3**

SIGNIFICANT JUDGEMENTS (Continued)

vi) Provisions

The Authority reviews its individually significant payables at each reporting date to assess whether an expense should be recorded in the statement of financial performance. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the expense. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Provisions were raised, and Management determined an estimate based on the information available. The carrying value of provisions for employee benefits payable is given under **Note 23**.

vii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Authority's activities potentially expose it to a variety of financial risks, including credit risk and the effects of the changes in foreign currency exchange rates. The Authority's overall risk management programme takes account of the unpredictability of foreign exchange rate trends and seeks to minimize potential adverse effects on its financial performance.

(a) Market Risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Authority's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk. This risk includes the following:

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SIGNIFICANT JUDGEMENTS (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. LATRA does not have long-term deposits or borrowings therefore statement of profit or loss and other comprehensive income and operating cash flows are not highly affected by changes in market interest rates.

(c) Credit Risk

Credit risk arises from cash and cash equivalents, deposits and outstanding receivables. The Authority mitigates risks on cash and cash equivalents by ensuring that all cash collections are transferred to the Authorities bank account at the central bank (The Bank of Tanzania) on weekly bases. Cash transfers to expenditure account in commercial bank is done in amounts for immediate use in periods not exceeding one month.

Management of risk associated with trade and other receivables includes use electronic means of collections where revenue is collected as earned, prompt billing and close follow up.

The amount that represents the Authority's exposure to credit risk at 30 June 2021 is made up as follows:

	Up to 1 month	1 to 3 months	3 to 12 months	Over 12 months	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
2020/21					
Cash and equivalents	4,588,616	-	-	-	4,588,616
Receivables from Non Exchange Transactions	508,601	-	-	1,854,063	2,362,664
2019/20					
Cash and equivalents	3,571,560	-	-	-	3,571,560
Receivables from Non Exchange Transactions	862,308	-	-	-	862,308

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SIGNIFICANT JUDGEMENTS (Continued)

Below is the Authority's maximum exposure to credit risk:

	30.06.2021	30.06.2020
	TZS'000'	TZS'000'
Cash & Cash Equivalents	4,588,616	3,571,560
Accounts receivable	2,362,664	862,308
	<u>6,951,280</u>	<u>4,433,868</u>

No collateral is held for any of the above assets and no receivables have had their terms renegotiated. The Authority's accounts receivable that are not impaired are mostly due from employees who are still working with the Authority.

(d) Liquidity Risk

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. On average, receivables are settled within 30 days after the due date, and payables are settled within 30 days of invoice.

Management monitors budgets of the Authority's liquidity reserve on the basis of expected cash flows.

(e) Liquidity Risk Management

The primary objective of managing the Authority's capital is to ensure that there is sufficient cash available to support the Authority's funding requirements, including capital expenditure, to ensure that the Authority remains financially sound. The Authority is Government owned entity; it ensures that expenditures are always as per the approved budget in order to ensure that is always in operations.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

SIGNIFICANT JUDGEMENTS (Continued)

(f) Categorization of Financial Instruments

	Carrying Value TZS '000'	Available for sale TZS '000'	Held to maturity TZS '000'	Total TZS '000'
30 June 2021				
Financial Assets				
Cash and	4,588,616	-	-	4,588,616
Receivables	2,362,664	-	-	2,362,664
	<u>6,951,280</u>	<u>-</u>	<u>-</u>	<u>6,951,280</u>
30 June 2020				
Financial Assets				
Cash and equivalents	3,571,560	-	-	3,571,560
Receivables	862,308	-	-	862,308
	<u>4,433,868</u>	<u>-</u>	<u>-</u>	<u>4,433,868</u>

	Carrying Value TZS '000'	Financial Liabilities TZS '000'
30-Jun-21		
Financial Liabilities		
Current Liabilities	<u>2,834,908</u>	<u>2,834,908</u>
	<u>2,834,908</u>	<u>2,834,908</u>
30-Jun-20		
Financial Liabilities		
Current Liabilities-	<u>3,219,097</u>	<u>3,219,097</u>
	<u>3,219,097</u>	<u>3,219,097</u>

8. REVENUE FROM NON-EXCHANGE TRANSACTION

	2020/21 TZS ('000)	2019/20 TZS ('000)
Service Levy	454,219	538,327
Road Transport Licenses	16,648,057	15,375,789
Fines and Penalties	8,523,409	7,980,609
	<u>25,625,685</u>	<u>23,894,725</u>

Road Transport Licences is the major source of revenue of the Authority. During the year 2020/21, Road Transport Licence Fees and Levies earned amounted to TZS 17.10 billion (2019/20: TZS 15.91 billion). The licence collection is attributed to strategic roadside inspections and enhanced monitoring activities while levies are mainly provisions of expected collections from TRC and UDART. The Fines and Penalties originates mainly from penalties charged to defaulters of licencing conditions. Penalties are high due to effective use of VTS and strategic roadside inspections.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

9. REVENUE FROM EXCHANGE TRANSACTIONS

	2020/21 TZS ('000)	2019/20 TZS ('000)
Gains on Disposal	-	73,811
Receipt from sales of Publications	131,834	-
Miscellaneous Receipts	187,984	-
	<u>319,818</u>	<u>73,811</u>

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. During the year TZS 319.82 million (2019/20: TZS 73.81 million) was recorded as exchange revenues.

10. OTHER INCOME

	2020/21 TZS ('000)	2019/20 TZS ('000)
Gain/(Loss) on foreign exchange	(288)	26,498
	<u>(288)</u>	<u>(26,498)</u>

This refers to gain or loss that results from foreign currency translation. During the year a loss of TZS 288 thousand (2019/20: a gain of TZS 26.50 million) was recorded.

11. WAGES, SALARIES AND EMPLOYEE BENEFITS

	2020/21 TZS ('000)	2019/20 TZS ('000)
Civil Servants	5,525,476	5,529,381
Electricity Allowance	141,577	149,653
Extra-Duty	23,356	61,376
Furniture	-	14,051
Housing allowance	1,043,371	947,377
Moving Expenses	18,191	25,725
Outfit Allowance	1,450	800
Passages Allowances	391,553	398,379
Risk Allowance	242,266	219,857
Transport Allowance	612,885	513,812
Uniform Allowance	6,841	-
	<u>8,006,966</u>	<u>7,860,411</u>

The above expenses relate to employee wages, and benefits and other payments for day to day running of the Authority. The expenses for the financial year 2020/21 are TZS 8.00 billion (2019/20: TZS 7.9 billion).

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)**

12. SOCIAL BENEFITS

	<u>2020/21</u> <u>TZS ('000)</u>	<u>2019/20</u> <u>TZS ('000)</u>
Health Costs	40,068	36,487
National Health Insurance Schemes (NHIF)	307,556	292,164
PSSSF	776,896	729,720
Retirement benefits	-	49,309
Statutory Contributions	369,313	327,485
Workers Compensation Fund	36,801	35,756
	<u>1,530,634</u>	<u>1,470,921</u>

These are statutory contributions to pension funds, refund of medical expenses and payments to NHIF and WCF. The expenses for 2020/21 were TZS 1.53 billion (2019/20: TZS 1.47 billion).

13. SUPPLIES AND CONSUMABLES USED

	<u>2020/21</u> <u>TZS ('000)</u>	<u>2019/20</u> <u>TZS ('000)</u>
Advertising and Publication	323,521	149,357
Air Travel Tickets	193,972	140,790
audit fees	117,537	121,260
Bank Charges and Commissions	23,888	34,602
Books, Reference and Periodicals	18,832	20,920
Burial Expenses	88,233	54,512
Computer Software	42,122	108,961
Computer Supplies and Accessories	375,740	94,015
Conference Facilities	57,170	3,467
consultancy fees	5,050	-
Courier Services	46,978	48,531
Diesel	179,118	89,329
Director's fee	72,000	62,708
Electricity	151,773	145,411
Exhibition, Festivals and Celebrations	-	16,831
Food and Refreshments	63,432	5,044
Gifts and Prizes	153,391	182,062
Ground travel (bus, railway taxi, etc.)	57,836	64,481
Insurance Expenses	19,625	-
Internet and Email connections	598,505	633,996
legal fees	17,000	7,078
Mobile Charges	103,345	155,847
Negotiated Compensation	-	80,201
Office Consumables (papers, pencils, pens and stationaries)	188,885	182,221
Outsourcing Costs (includes cleaning and security services)	188,586	262,518
Per Diem - Domestic	1,068,126	1,012,052
Per Diem - Foreign	28,428	49,694
Printing and Photocopying Costs	91,083	470,133
Remuneration of Instructors	6,800	15,582
Rent - Office Accommodation	419,747	790,979
Sewage Charges	-	202
Special Foods (diet food)	9,600	9,600
Special Operation Services	825,993	922,885
Subscription Fees	4,777	13,487

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)**

Tuition Fees	442,479	136,437
Uniforms and Ceremonial Dresses	44,602	14,195
Water Charges	20,241	12,142
Wire, Wireless, Telephone, Telex Services and Facsimile	90,304	41,369
	6,138,719	6,152,899

The expenditure for use of goods and services in the financial year 2020/21 are TZS 6.1 billion (2019/20: TZS 6.2 billion).

14. MAINTENANCE EXPENSES

	2020/21	2019/20
	TZS ('000)	TZS ('000)
Computers, printers, scanners, and other computer related equipment	76,920	128,183
Mechanical, electrical, and electronic spare parts	134,608	-
Motor Vehicles and Watercraft	163,942	62,840
Plumbing Supplies and Fixtures	-	39,588
Small tools and implements	4,568	-
	380,038	230,611

The recorded expenditure on maintenance expenses stood at TZS 380 million (2019/20: TZS 230.61 million)

15. CONTRIBUTIONS AND TRANSFERS

	2020/21	2019/20
	TZS ('000)	TZS ('000)
Contributions (15% on Gross Revenue and other contributions)	4,818,353	3,878,613
Fair Competition Commission (FCC)	180,000	-
F Competition Tribunal (FCT)	147,840	36,960
LGAs Transfers (Historic)	297,404	392,329
National Consumer Advocacy Council (NCAC)	500,000	300,000
Subscription to other International Institutions	2,902	15,286
	5,946,499	4,623,188

During the year, TZS 5.95 billion was paid (2019/20: TZS 4.62 billion) being contribution to the Consolidated Fund and other bodies. The transfers comprised of payments of 50% refund to City/Municipal/Town councils on collections from Motor/Tri-Cycle and payments to finance the budget of LATRA CCC, FCC and FCT. Contributions were made to AFUR and SARA.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

16. CASH AND CASH EQUIVALENTS

	2020/21 TZS ('000)	2019/20 TZS ('000)
BoT Own source Collection Account	1,461,269	1,772,326
Loan Cash Account	1,949,202	1,908,604
Own source Collection Account-NBC		10,100
Own source Collection Account - NMB	49,800	51,704
Own source Development Expenditure	402,380	-
Own source Recurrent Expenditure GF	696,306	(203,420)
Petty Cash	8,383	11,287
Unapplied Cash Account	10,317	-
USD Commercial Collection Account	10,959	20,959
	<u>4,588,616</u>	<u>3,571,560</u>

The increase in cash and cash equivalents is mainly attributed to excess collection over payments. This is due to aggressive expenditure control to ensure the scarce financial resources are properly used.

17. RECEIVABLES

	2020/21 TZS ('000)	2019/20 TZS ('000)
Imprest Receivable	-	20,888
Principal Loan Receivables	16,450	57,370
Provision for doubtful Debts	(2,118,634)	(235,975)
Trade Receivables	2,346,214	804,939
	<u>244,030</u>	<u>647,222</u>

The outstanding receivables as at 30 June 2021 was TZS 244 Million (30 June 2020: TZS 647 Million). These comprises advances to staff and amount due from TRC and UDART. Details of adjustment of receivables has been disclosed under Note 35.

18. PREPAYMENTS

	2020/21 TZS ('000)	2019/20 TZS ('000)
Advance Supplies of goods and services	952,632	544,941
	<u>952,632</u>	<u>544,941</u>

These are amount outstanding at the year-end for customer deposits on services which were rendered after the end of the year.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021 (CONTINUED)

19. INVENTORIES

	2020/21	2019/20
	TZS ('000)	TZS ('000)
Consumables	672,643	319,016
Provision for write off of obsolete Inventories	(201,771)	-
	<u>470,872</u>	<u>319,016</u>

The above balances is for stock of consumable items purchased but not issued for use in various LATRA offices. These includes materials, revenue receipts and licenses. Revenue Receipts and Licenses are usually purchased to cover requirements of three to six months.

20. OTHER FINANCIAL ASSETS

	2020/21	2019/20
	TZS ('000)	TZS ('000)
Defined contribution scheme	148,395	148,395
	<u>148,395</u>	<u>148,395</u>

The above balance resulted from an arrangement which SUMATRA had with GePF. The GePF was a Fund manager for a fund that was established for settlement of separation benefits due to the employees as per with SUMATRA Employees Incentive Scheme.

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

21. PROPERTIES, PLANT AND EQUIPMENT (PPE) (FIGURES IN TZS “000”)

	Cost / Revaluation				Amortization and accumulated Amortization						Carrying value 30 June TZS '000
	Cost	Additions	Adjust.	Balance	Balance	Adjust.	Disposal	Adjust.	Charge	Balance	
	01 July TZS '000			30 June TZS '000							
2020/2021											
Leasehold Land	3,056,197	105,422	(40,997)	3,120,622	-	-	-	-	-	-	3,120,622
Office Building	6,597,160			6,597,160	90,162	-	90,162	131,943	222,105		6,375,055
Motor vehicles	2,152,457	277,041	(37,580)	2,391,918	861,053	(15,036)	846,017	450,452	1,296,469		1,095,449
Plant and machinery	522,592		(253,694)	268,899	263,260	(152,216)	111,043	18,016	129,060		139,838
Furniture & fittings	939,556	201,479	(64,022)	1,077,012	466,905	(30,264)	436,641	194,950	631,592		445,421
Computer equipment	3,142,085	573,463	(2,053,954)	1,661,594	1,416,711	(605,780)	810,931	336,188	1,147,119		514,475
Other equip.	1,875,207	23,386	2,000,753	3,899,345	937,413	247,368	1,184,781	534,722	1,719,503		2,179,843
	18,285,254	1,180,791	(449,494)	19,016,551	4,035,504	(555,928)	3,479,576	1,666,271	5,145,848		13,870,703
2019/20											
Leasehold Land	3,056,197	-	-	3,056,197	-	-	-	-	-	-	3,056,197
Residential Buildings	490,992	-	-	490,992	85,634	(56,174)	-	29,460	9,819	39,279	451,713
Office Building	-	6,106,168	-	6,106,168	-	-	-	-	50,883	50,883	6,055,285
Motor vehicles	2,247,007	-	(94,549)	2,152,458	1,485,846	(897,936)	(80,367)	587,910	353,510	861,053	1,291,405
Plant and machinery	522,592	-	-	522,592	90,719	137,701	-	228,420	34,839	263,259	259,333
Furniture & fittings	843,979	95,577	-	939,556	396,753	(102,292)	-	294,461	172,445	466,906	472,650
Computer equipment	2,912,693	229,392	-	3,142,085	2,468,903	(1,364,689)	-	1,104,214	312,498	1,416,712	1,725,373
Other equip.	1,840,714	34,493	-	1,875,207	803,023	(212,716)	-	590,307	347,106	937,413	937,794
	11,914,174	6,465,631	(94,549)	18,285,255	5,330,878	(2,496,106)	(80,367)	2,834,772	1,281,100	4,035,504	14,249,750

LAND TRANSPORT REGULATORY AUTHORITY (LATRA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

22. INTANGIBLE ASSETS (FIGURES IN TZS “000”)

	Cost / Revaluation				Amortization and accumulated Amortization				Carrying value 30 June TZS '000
	Cost	Additions	Disposal	Balance	Balance	Amortization		Balance	
	01 July TZS '000			30 June TZS '000	01 July TZS '000	Charge	Disposal	30 June TZS '000	
2020/21	3,184,918	117,776	-	3,302,694	3,131,183	62,564	-	3,193,747	108,948
Total	3,184,918	117,776	-	3,302,694	3,131,183	62,564	-	3,193,747	108,948
2019/20	3,180,970	3,948	-	3,184,918	2,376,602	754,581	-	3,131,183	53,735
Total	3,180,970	3,948	-	3,184,918	2,376,602	754,581	-	3,131,183	53,735

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

23. PAYABLES AND ACCRUALS

	2020/21	2019/20
	TZS ('000)	TZS ('000)
Accrued expenses	821,299	1,960,391
Customers deposits	8,369	8,369
Other employee benefit	148,395	148,395
Other Payables	110,055	405,063
Payables to other government entities	675,044	675,044
Staff Claim	176,015	21,836
Supplies of goods and services	661,463	-
Unapplied Deposit Account	10,317	-
Withholding tax	223,950	-
	<u>2,834,907</u>	<u>3,219,098</u>

- Accrued expenses are those incurred and claims for their settlements were not received until year end.
- Customer deposits are payments made in advance by service providers before issuance of their licenses or certificates.
- Other Employee Benefits are staff benefits which were invested with PSSSF as Fund Manager by LATRA.
- Payables to other Government Entity are TASAC liability emanating from reconciliation exercise by TR.
- The remaining are deposits for supplies of goods and services and withholding taxes due for payment in the following financial year.

24. ACCUMULATED SURPLUS/(DEFICIT)

The Authority recorded a surplus of TZS 1.7 billion for the period ending 30 June 2021 (30 June 2020: TZS 1.57 billion). The account balance at the year-end shows a surplus of TZS 502.3 million.

25. FAIR VALUE OF ASSETS & LIABILITIES

The table below shows an analysis of assets and liabilities at fair value by level of the fair value hierarchy. Assets and liabilities are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
	TZS '000	TZS '000	TZS '000	TZS '000
30-Jun-21				
Financial Assets				
Cash and cash equivalents	4,588,902	-	4,588,902	-
Prepayments	952,632		952,632	
Receivables	244,030	-	244,030	-
Financial Liabilities				
Payables and Accruals	2,834,908	-	2,834,908	-

26. TAXATION

Land Transport Regulatory Authority is a Government Agency; thus, it is exempted from payment of direct tax, except VAT and other duties payable by other Government Agencies as per Second Schedule of Income Tax Act, 2014.

27. RELATED PARTY TRANSACTIONS

Transfer of resources and/or obligations between related parties in LATRA during the year ended 30 June 2021 included the following:

I. Board Expenses

The Board of Directors is the body of appointed members who jointly oversee the activities of the Authority. Their expenses are set out below:

	2020/21 TZS'000'	2019/20 TZS'000'
Board Meetings and Related Expenses	97,500	165,838
Directors Fees	72,000	62,708
TOTAL	169,500	228,546

II. Remuneration of Key Management Employees

Key management personnel include Director General, Division Directors, Head of Units and Managers. Management have responsibility for planning, directing and controlling the activities of the Authority. Their remunerations are set out below:

	30.06.2021 TZS'000	30.06.2020 TZS'000
Short-term employee benefits	934,634	862,962
	934,634	862,962

28. COMMITMENTS**28.1 Capital Commitments**

The Authority had a capital commitment of TZS 299 million on payment of final certificates for the Construction of its Head Office on Plot No. 456/160 along Nkrumah Street Dar es-Salaam. The amount outstanding as on 30 June 2020 was TZS 1.10 billion. The construction was undertaken by CATIC International Engineering (T) Ltd as the main contractor at a contract price of TZS 11.59 billion.

28.2 Procurement Commitments**a) Goods:**

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Due within one year	830,886	1,045,592
Total	<u>830,886</u>	<u>1,045,592</u>

The amount committed of TZS 830.9 million includes contracted amounts for supply of office furniture and contracts for supply of various ICT and studio equipment.

b) Works:

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Due within one year	58,071	1,162,333
Total	<u>58,071</u>	<u>1,162,333</u>

The amount committed comprises contract for partitioning of Geita Office (TZS 34.1 million) and Preparation of Services Drawings and Supervision of Construction of Temporary Office in Dodoma (TZS 23.9 million).

c) Consultancy Services:

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Due within one year	250,350	262,093
Total	<u>250,350</u>	<u>245,082</u>

Consultancies which were committed are for feasibility study on Mandatory Vehicle Inspection (TZS 152.6 million), Codification of Non-Current Assets (TZS 19.2 million) and unpaid amount on development of licensing system TZS 78.5 million.

COMMITMENTS**Procurement Commitments (Continued)****d) Non-Consultancy Services**

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Due within one year	79,639	744,280
Total	79,639	245,082

The committed amounts are for Airing of TV programs with local TV broadcasting stations.

29. CONTINGENT LIABILITY

The Authority had no Contingent Liability on 30 June 2021 (30 June 2020: NIL).

30. FUNCTIONAL CURRENCIES AND PRESENTATION CURRENCY

The functional currency of the Authority, which is also its presentation currency, is Tanzanian Shillings (TZS). The values in this report are rounded to the nearest thousand (TZS '000').

31. ULTIMATE CONTROLLING ENTITY

The Government of the United Republic of Tanzania is the Ultimate Controlling Entity of the Authority.

32. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

None of the Authority's assets have been pledged as security for liabilities.

33. COMPARATIVE FIGURES

The figures in the financial statements are presented alongside the previous Period financials for comparison purpose

LAND TRANSPORT REGULATORY AUTHORITY (LATRA).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

34. EXPLANATION OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNT

The Authority's actual revenues for the year 2020/21 were TZS 25.95 billion (2019/20: TZS 24. billion) which are below the final budget of TZS 26.63 billion by TZS 688.60 million. The underperformance is mainly due to outbreak of CORONA pandemic which affected the regulated sub sectors. The expenditure for the Authority amounted to TZS 23.14 billion, which is TZS 1.48 billion below the final budget of TZS 24.62 billion. Details of overspending or under-spending on line items are provided below:

Budget approved	Original budget	Adjustment	Final budget	Actual amount on accrual basis	Accrued amount	Actual amount on Comparable to Basis	Difference Final Budget Vs Actual	Reasons
	[A]	[B]	[C=A-B]	[D]	[E]	[F=D-E]	[C-F]	
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	
<i>Revenue from Non-Exchange Transactions</i>								
Road Transport Licensing Fees and Levies	26,910,256	(7,381,156)	19,529,100	17,102,276	(322,590)	16,779,686	(2,749,414)	Under collection is due to CORONA and resistance of transporters to use e-ticketing.
Other Income	9,703,008	(2,598,008)	7,105,000	8,843,227	(169,561)	8,673,666	1,568,666	Increase in penalties is due to enhanced enforcement of licensing conditions
Total Revenue	36,613,264	(9,979,164)	26,634,100	25,945,503	(492,151)	25,453,352	(1,180,748)	
<i>Payments</i>								
Amortization of Intangible assets	-	-	-	62,564	62,564	-	-	
Depreciation of Property Plant and Equipment	-	-	-	1,666,271	1,666,271	-	-	
Impairment of Receivables	-	-	-	299,571	299,571	-	-	
Provision of Obsolete Inventories	-	-	-	201,771	201,771	-	-	
Maintenance Expenses	735,000	(431,241)	303,759	380,038	-	380,038	(76,279)	The increase is due to increase in enforcement activities.
Social Benefits	2,066,841	(392,517)	1,674,324	1,530,634	-	1,530,634	143,690	Saving is attributed to delays in recruitment due to lack of scheme of service.
Supplies and consumables used	10,897,178	(2,285,035)	8,612,143	6,138,310	1,519,817	7,658,127	954,016	
Wages, Salaries and Employees Benefits	9,694,297	(1,019,495)	8,674,802	8,006,967	(384,818)	7,622,149	1,052,653	Saving is attributed to delays in recruitment due to lack of scheme of service.
Grants, Subsidies and other transfers	6,858,080	(1,499,059)	5,359,021	5,946,499	-	5,946,499	(587,478)	Over expenditure is due to payment of 1billion capital recovery to the Consolidated Fund
Total payments	30,251,396	(5,627,347)	24,624,049	24,232,625	3,365,176	23,137,447	1,486,602	
Surplus/(deficit) for the year	6,361,868	(4,351,817)	2,010,051	1,712,878	(3,857,327)	2,315,905	(2,667,350)	
Acquisition of Non-Current Assets	6,276,190	(4,070,190)	2,206,000	1,298,567	-	1,298,567	907,433	Saving is due to postponement of some capital expenditures

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)**

35. PRIOR YEAR ADJUSTMENTS

The prior year adjustments refer to changes made in values of assets and receivables for opening balances. The assets were adjusted to record assets in correct classes and remove duplicated assets together with related accumulated depreciation from the Non-Current Asset Register.

Receivables were adjusted to recognize amounts which were due from UDART and impairment gains/losses of prior year. The changes resulted into increase/decrease in values as indicated in the table below;

Summary of adjustments and the net effects;

S/N	DETAILS	AMOUNT TZ "000"
1	Decrease in Value of Assets	(449,494)
2	Decrease in Accumulated depreciation	555,928
3	Recognition of Receivables	1,049,125
4	Adjustment of provision for receivable Impairment	(1,583,000)
5	Adjustment in respect of prior year expenses	(50,973)
Total		(478,414)

Summary of Items affected

Item	Original figure (2019/20) TZ "000"	Adjustment made TZ "000"	Restated figure (2019/20) TZ "000"
Trade Receivables	804,938	1,049,125	1,854,063
Provision for impairment	(235,975)	(1,583,000)	(1,818,975)
Non-Current Assets	18,285,254	(449,494)	17,835,760
Accumulated Depreciation	4,035,504	(555,928)	3,479,576
Supplies and Consumables used	6,152,899	50,973	6,203,872

36. RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO NET SURPLUS (DEFICIT)

	2020/21 TZS '000	2019/20 TZS '000
Surplus /(Deficit) for the Year	1,712,182	1,574,627
Non-cash Movements:		
Depreciation	1,666,271	1,281,101
Amortization	62,564	754,581
Impairment of Receivables	299,571	-
Provision for obsolete stock	201,771	-
Loss/(Gain) on Exchange Transaction	288	(26,498)
Working capital movements:		
(Increase)/Decrease in Receivables	(430,343)	171,274
(Increase)/Decrease in Stationery Inventories	(353,503)	369,053
Increase/(Decrease) in Payables	(384,189)	(612,856)
Payment for prior year expenses	(51,298)	-
Increase (Decrease) in prepayments	(407,691)	-
Increase/(Decrease) in Benefits Payable	-	(539,609)
Increase/(Decrease) in TASAC Liability	-	(5,752,232)
Net cash flow from operating activities	2,315,623	(2,780,559)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)**

37. IMPAIRMENT OF RECEIVABLES

	<u>2020/21</u> <u>TZS ('000)</u>	<u>2019/20</u> <u>TZS ('000)</u>
Impairment of receivables from VTS vendors	994	-
Impairment of receivables from TRC and UDART	298,577	-
	<u><u>299,571</u></u>	<u><u>-</u></u>

The impairment amount of TZS 299.57 million resulted from discounting of Receivables from VTS vendors amounting to TZS 193.57 million and Levy receivable from UDART and TRC of TZS 298.58 million for 2020/2021 financial year.

38. OCCUPATION OF SUMATRA BUILDING

LATRA is occupying SUMATRA building which is jointly owned by TASAC and LATRA. The two institutions do not have a lease agreement due to ongoing discussions on the current and future use of the building. Because of this uncertainty, finance lease accounting has not been done per IPSAS 13-*Leases*. When this uncertainty is resolved, proper accounting will be done in the books of account.