



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



AIR TANZANIA COMPANY LIMITED (ATCL)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2025**

Controller and Auditor General
National Audit Office
Ukaguzi House
Mahakama Road, Tambukareli
P.O. Box 950
41104 Dodoma, Tanzania
Tel: +255 (026) 2161200-9
Email: ocag@nao.go.tz
Website: www.nao.go.tz

March 2026

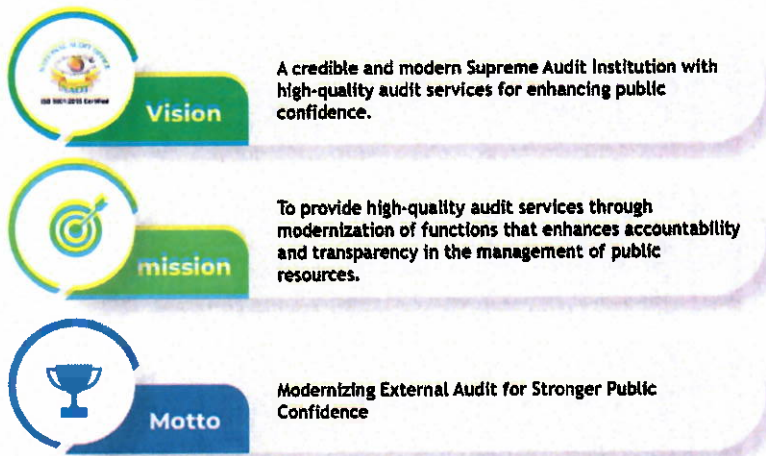
AR/PA/ATCL/2024/25

About the National Audit Office

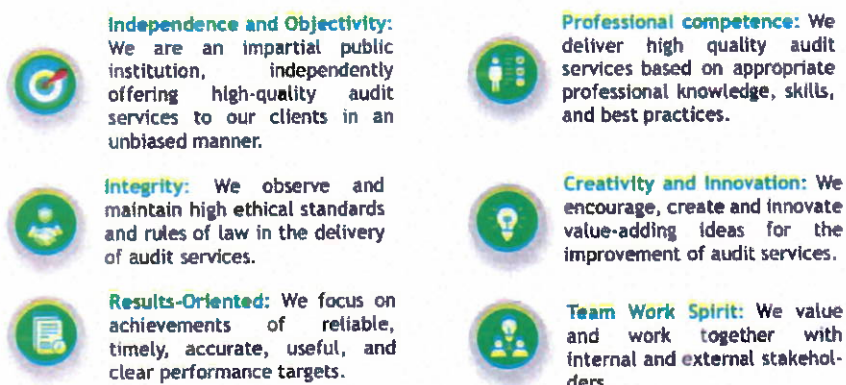
Mandate

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

NAOT Vision, Mission & Motto



Core Values



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

TABLE OF CONTENTS

Abbreviations	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL	1
2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE.....	6
3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY	75
4.0 DECLARATION OF THE HEAD OF FINANCE.....	76
5.0 FINANCIAL STATEMENTS	77

Abbreviations

AOG	Aircraft on Ground
APU	Auxiliary Power Unit
ASK	Available Seat Kilometre
ATC	Air Tanzania Corporation
ATCL	Air Tanzania Company Limited
BOT	Bank Of Tanzania
BSP	Billing and Settlement Plan
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CSP	Corporate Strategic Plan
DAR	Dar es Salaam
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FY	Financial Year
GDS	Global Distribution System
GOT	Government Of Tanzania
GSA	General Sales Agent
GSE	Ground Services Equipment
IAS	International Accounting Standards
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICH	IATA Clearing House
ICT	Information Communication Technologies
IFRS	International Financial Reporting Standards
IOSA	IATA Operational Safety Audit
ISSAI	International Standard of Supreme Audit Institutions
JNIA	Julius Nyerere International Airport
KIA	Kilimanjaro International Airport
KIMAFA	Kilimanjaro Maintenance Facility
MOU	Memorandum of Understanding
MWZ	Mwanza
NBAA	National Board of Accountants and Auditors
OEM	Original Equipment Manufacturer
PAR	Public Audit Regulation
PPR	Public Procurement Regulations
PSSSF	Public Service Social Security Fund
SAA	South African Airways
TCAA	Tanzania Civil Aviation Authority
TGFA	Tanzania Government Flight Agency
TZS	Tanzanian Shilling

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Board of Directors,
Air Tanzania Company Ltd,
P.O. Box 543,
Dar es Salaam,
Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Air Tanzania Company Limited (ATCL), which comprise the statement of financial position as at 30 June 2025, the statement of financial performance, statement of changes in net assets, statement of cash flows, , as well as the notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Air Tanzania Company Limited (ATCL) as at 30 June 2025, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and as required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Air Tanzania Company Limited (ATCL) 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

I draw attention to Note 2 (Going Concern Basis) and Section 1.16 (Solvency and Going Concern Evaluation) of the financial statements, which detail that Air Tanzania Company Limited (ATCL) incurred a net loss of TZS 191 billion for the year ended 30 June 2025, an increase from the TZS 92 billion loss recorded in the previous year. As of that date, the Company's accumulated losses amounted to TZS 748 billion, and its current liabilities exceeded its current assets by TZS 640 billion (30 June 2024: TZS 424 billion), resulting in a current ratio of only 25%.

As stated in Note 2, these conditions give rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, indicating that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, I draw further attention to the mitigating factors disclosed by the Directors, who have prepared the financial statements on a going concern basis. The Company anticipates achieving positive results through the implementation of appropriate business strategies and continued government support. Furthermore, management notes that the significant current liability position is heavily driven by TZS 569 billion in concessionary lease payables for aircraft and maintenance reserves to the Tanzania Government Flight Agency (TGFA), as well as TZS 59 billion in inherited debts from the government and TRA. Excluding these specific concessionary and inherited government debts, the Company's current ratio and ability to meet its short-term obligations improves to 95%. My opinion is not modified in respect of this matter

Key Audit Matters

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

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB)) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I conducted a compliance audit of the procurement of works, goods and services at Air Tanzania Company Limited (ATCL) for the year ended 30 June 2025 as per the Public Procurement Act, 2023, the Public Procurement Regulations 2024, and related directives. I examined each phase of the procurement life cycle, including advertising of tenders, evaluation of bids, award of contracts and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorizations before award and maintained complete transaction records.

Conclusion

Based on the audit procedures performed, I conclude that, except for the matter described below, Air Tanzania Company Limited (ATCL) generally complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

Award of contracts without conducting post-qualification - TZS 14.52 billion

Regulation 119 of the Public Procurement Regulations, 2024 requires a procuring entity to verify information submitted during pre-qualification through a post-qualification process before issuing the notice of intention to award the tender. The Regulation further provides that the award may be denied where a tenderer is assessed to lack the capability or resources to successfully perform the contract. Additionally, Clauses 30 and 33 of the

Instructions to Tenderers and the Tender Data Sheet require post-qualification to be undertaken as part of the procurement process.

A review of procurement processes for Tender Ref. Nos. TR128/2024/2025/W/24 and TR128/2024/2025/W/08, both awarded to M/s Rizvi Builders Limited at a total contract sum of TZS 14,515,329,898.30, revealed that post-qualification procedures were not conducted prior to contract award. This was contrary to the requirements of the Public Procurement Regulations, 2024 and the applicable tender provisions.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at Air Tanzania Company Limited (ATCL) for the year ended 30 June 2025 as per the Public Finance Act (Budget Act), Cap. 439, and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, commitment registers, ledger entries and variance analyses to confirm that the entity prepared estimates in the prescribed format, obtained timely authorizations before incurring obligations, recorded transactions accurately and reported variances as required.

Conclusion

Based on the audit procedures performed, I conclude that Air Tanzania Company Limited (ATCL) complies, in all material respects, with the requirements of the Budget Act and related Budget Guidelines.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2026



3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY

The Tanzanian Companies Act, 2002 requires the Directors to prepare financial statements that present fairly, in all material respects, the state of financial affairs of the Company as at the end of the financial period and of the operating results for that period. It also requires the directors to ensure that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Tanzanian Companies Act, 2002. The directors are of the opinion that the financial statements present fairly, in all material respects, the state of financial affairs of the Company and its financial results.

The Directors further accept responsibility for maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:



Prof. Neema Mori
Board Chairperson

27th March 2026

Date



Eng. Peter R. Ulanga
(CEO & Managing Director)

27th March 2026

Date:

4.0 DECLARATION OF THE HEAD OF FINANCE

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

It is the duty of a Professional Accountant to assist the Board of Directors and Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under directors' responsibility statement in a previous page.

I Jamal A. Kiggundu being the Head of Finance of Air Tanzania Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2025 have been prepared in compliance with IFRS Accounting Standards as Issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, No 12 of 2002.

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

Signed by:



Jamal Athuman Kiggundu
Finance Director
NBAA Membership No: ACPA3589



Date

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2024/25 TZS '000'	2023/24 TZS '000'
ASSETS			
Non-Current Assets			
Property and equipment	18	237,887,957	216,811,889
Right of Use Assets	19	370,790,085	298,540,841
Intangible assets	20	249,365	134,435
		<u>608,927,407</u>	<u>515,487,165</u>
Current Assets			
Inventories	21	61,758,467	63,754,980
Trade and other receivables	22	63,683,149	41,775,576
Due from related parties	30(ii)(b)	78,538,620	48,035,478
Cash and cash equivalents	23	11,226,488	17,120,821
		<u>215,206,724</u>	<u>170,686,855</u>
Total Assets		<u>824,134,131</u>	<u>686,174,020</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	16,252,940	16,252,940
Advance towards share capital	25	189,817,045	189,817,045
Non-distributable reserves	26	1,781,419	1,781,419
Remeasurements of retirement benefit obligations	27	4,121,131	4,105,021
Revaluation reserves		40,474,937	40,474,937
Accumulated losses		(748,034,398)	(534,223,904)
		<u>(495,586,926)</u>	<u>(281,792,542)</u>
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	27	922,249	902,419
Government grants - Capital	10.2	52,804,168	59,864,761
Concessionary lease liabilities	29.1	410,640,289	312,196,776
		<u>464,366,706</u>	<u>372,963,956</u>
Current Liabilities			
Trade and other payables	28	143,596,974	94,642,291
Concessionary lease payable	29.2	569,797,763	369,131,725
Due to related parties	30(ii)(a)	127,481,305	106,071,138
Government grants - Revenue	10.1	9,583,278	17,589,820
Deferred credit	10.3	3,244,716	6,090,012
Income tax liability	16(b)	1,650,316	1,477,620
		<u>855,354,352</u>	<u>595,002,606</u>
Total Liabilities		<u>1,319,721,058</u>	<u>967,966,562</u>
Total Equity and Liabilities		<u>824,134,131</u>	<u>686,174,020</u>

These financial statements were approved for issue in accordance with a resolution of the Board of Directors passed on 12th March 2026 and were signed on its behalf by:


 Prof. Neema Mori
 Board Chairperson


 Eng. Peter R. Ulanga
 CEO & Managing Director

AIR TANZANIA COMPANY LIMITED (ATCL)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2025**

	Note	2024/25 TZS '000'	2023/24 TZS '000'
Revenue	8	585,083,181	461,169,796
Direct costs	9	(675,166,060)	(541,203,819)
Gross loss		(90,082,879)	(80,034,023)
Amortization of revenue grants (current)	10.1	20,184,067	49,721,157
Amortization of capital grants	10.2	7,060,593	7,450,785
Amortization of deferred credit	10.3	30,479,811	42,708,617
Other income	11	13,956,232	21,092,459
Operating expenses			
Gain/(Loss) on foreign currency Transactions	12	2,306,367	136,730
Administration expenses	13	(43,121,824)	(36,429,687)
Staff costs	14	(87,026,944)	(70,135,805)
Depreciation of property and equipment	18	(3,451,558)	(3,149,888)
Operating Loss		(149,696,135)	(68,639,655)
Finance costs	15	(38,210,715)	(20,247,486)
Loss before income tax		(187,906,850)	(88,887,141)
Income tax expense	16(a)	(3,283,819)	(2,910,714)
Loss for the year		(191,190,669)	(91,797,855)
Other comprehensive income:			
Items that will not be recycled to statement of profit or loss			
Re measurements of retirement benefit obligations	27	16,110	5,215
Total items that will not be reclassified to profit or loss		16,110	5,215
Other comprehensive income for the year net of taxation		16,110	5,215
Total comprehensive Profit/(Loss) for the year		(191,174,559)	(91,792,640)


Prof. Neema Mori
Board Chairperson

Date: 27th March 2026


Eng. Peter R. Ulanga
CEO & Managing Director

AIR TANZANIA COMPANY LIMITED (ATCL)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Share Capital TZS '000	Advance Towards Share Capital TZS '000	Non- Distributable Reserves TZS '000	Remeasurements of Retirement Benefit Obligations TZS '000	Revaluation Reserves TZS '000	Accumulated Losses TZS '000	Total TZS '000
30-June-2025							
At 01 July 2024 (Restated) ¹	16,252,940	189,817,045	1,781,419	4,105,021	40,474,937	(534,223,904)	(281,792,542)
Prior Year Adjustments (Note 38)						(22,619,825)	(22,619,825)
Restated	16,252,940	189,817,045	1,781,419	4,105,021	40,474,937	(556,843,729)	(304,412,367)
Additions							
Remeasurements of retirement benefit obligations (Note 27)				16,110	-	(191,190,669)	16,110
Loss for the year						(191,190,669)	(191,190,669)
At 30 June 2025	16,252,940	189,817,045	1,781,419	4,105,021	40,474,937	(748,034,398)	(495,586,926)
30-June-2024							
01 July 2023 (Restated)	16,252,940	144,301,498	1,781,419	4,099,806	40,474,937	(442,426,049)	(235,515,449)
Additions		45,515,547					45,515,547
Remeasurements of retirement benefit obligations (Note 27)				5,215			5,215
Loss for the year						(91,797,855)	(91,797,855)
At 30 June 2024	16,252,940	189,817,045	1,781,419	4,105,021	40,474,937	(534,223,904)	(281,792,542)

Prof. Neema Mori

Prof. Neema Mori
Board Chairperson

Date: 27th March 2026

Eng. Peter R. Ulanga
Eng. Peter R. Ulanga
CEO & Managing Director

¹During the year 2023/24 a prior year adjustment has been made in respect of VAT assessment 2018-2021, PAYE and penalties delayed employees' contributions from May 2008 to Feb 2022 and review of useful life of assets toward revised public assets management guidelines 2024.

Included is additional spare CF6 engine for B767-3F bought by Government (Boeing 767F / GE CF6-80C2 full Spares worth TZS 46 billion equivalents to USD 19 million. As per Treasury Register directives this formed party of share capital and will be transferred from advanced share capital to share capital once necessary arrangements are completed

Controller and Auditor General

AR/PA/ATCL/2024/25

AIR TANZANIA COMPANY LIMITED (ATCL)

**CASHFLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 TZS '000'	2024 TZS '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from passengers	38	628,109,821	499,676,688
Cash receipts from tenants	38	361,803	493,341
Cash receipts from students (Cabin Crews)	38	354,167	382,659
Cash receipts from miscellaneous incomes	38	17,562	224,166
Cash receipt from government (Grants)	10.1	11,853,635	66,454,120
Cash receipt in respect of Interest earned	38	17,262	91,109
Cash paid to suppliers	39	(551,140,020)	(487,023,687)
Cash paid to employees	39	(61,511,706)	(68,313,730)
Cash paid for other operating expenses	39	(768,651)	(673,084)
Receipts from security deposit	40.1	268,911	-
Retirement benefits paid	27	(942,209)	(784,985)
Tax paid	16(b)	(3,229,578)	(3,177,449)
Net cash from operating activities		23,390,997	7,349,148
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	18	(29,288,196)	(50,403,291)
Net cash used in investing activities		(29,288,196)	(50,403,291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow used in financing activities		-	-
Net decrease in cash and cash equivalents		(5,897,199)	(43,054,143)
Cash and cash equivalent at the beginning of the year	23	17,141,683	60,195,826
Cash and cash equivalent at end of the year	23	11,244,484	17,141,683


Prof. Neema Mori
Board Chairperson

Date: 27th March 2026


Eng. Peter R. Ulanga
CEO & Managing Director