



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



**TANZANIA ELECTRIC SUPPLY COMPANY LIMITED  
(TANESCO)**

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

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March 2025

AR/PA/2023/24

## About the National Audit Office

### Mandate

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



### Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

### Teamwork Spirit

We value and work together with internal and external stakeholders.

### Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



### Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

### Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

### Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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## Abbreviations

|       |                                                                       |
|-------|-----------------------------------------------------------------------|
| 3E    | Eclipse Enterprise Edition                                            |
| ADF   | African Development Fund                                              |
| AFD   | Agence Française de Development                                       |
| AFDB  | African Development Bank                                              |
| AMR   | Automatic Meter Reader                                                |
| ARC   | Audit and Risk Committee                                              |
| BTIP  | Backbone Transmission Investment Project                              |
| CAG   | Controller and Auditor General                                        |
| CMS   | Corporate Management System                                           |
| CSC   | Customer Service Committee                                            |
| CWIP  | Capital Work in Progress                                              |
| EDCF  | Economic Development Cooperation Fund                                 |
| ECLs  | Expected Credit Loss                                                  |
| EIB   | European Investment Bank                                              |
| ESIA  | Environmental and Social Impact Assessment                            |
| ETDCO | Electrical Transmission, Distribution and Maintenance Company Limited |
| FIOC  | Finance, Investment and Operations Committee                          |
| GARC  | Governance and Human Resources Committee                              |
| IAS   | International Accounting Standards                                    |
| ICT   | Information and Communication Technology                              |
| IFRS  | International Financial Reporting Standards                           |
| IPPs  | Independent Power Producers                                           |
| IPTL  | Independent Power Tanzania Limited                                    |
| JICA  | Japan International Development Agency                                |
| KAWEU | Kampeni Kamata Wezi wa Umeme                                          |
| Km    | Kilometers                                                            |
| LGD   | Loss Given Default                                                    |
| M     | Million                                                               |
| MVA   | Mega Volt Amp                                                         |
| MW    | Mega Watts                                                            |
| NBAA  | National Board of Accountants and Auditors                            |
| NCI   | Non-controlling interest                                              |
| OCI   | Other Comprehensive Income                                            |
| PABX  | Private Automatic Branch Exchange                                     |
| PAPs  | Project Affected Persons                                              |
| PMU   | Procurement Management Unit                                           |
| PPE   | Property, Plant and Equipment                                         |
| PSMP  | Power System Master Plan                                              |
| RAP   | Resettlement Action Plan                                              |
| REA   | Rural Energy Agency                                                   |
| RoW   | Right of way                                                          |
| RPU   | Revenue Protection Units                                              |
| SCBHK | Standard Chartered Bank Hong Kong                                     |
| SDR   | Special Drawing Rights                                                |
| SEA   | Strategic Environmental Assessment                                    |
| SEPC  | Shanghai Electric Power Company Limited                               |
| SPGC  | Shangtan Power Generation Company Limited                             |
| SPP   | Small Power Producers                                                 |
| TCPMC | Tanzania Concrete Poles Manufacturing Company Limited                 |
| TEDAP | Tanzania Energy Development and Access Expansion Project              |
| TGDC  | Tanzania Geothermal Development Company Limited                       |
| TL    | Transmission line                                                     |
| UA    | Ukrainian Hryvnia                                                     |
| URT   | The United Republic of Tanzania                                       |



## COMPANY INFORMATION

### Registered Office:

Tanzania Electric Supply Company Limited  
Plot No 114 Block G,  
Dar es Salaam Road,  
P.O. Box 453,  
Dodoma, Tanzania.

### Main Bankers:

National Bank of Commerce Limited,  
P. O. Box 9062,  
Dar es Salaam, Tanzania.

Citibank Tanzania Limited  
P. O. Box 71625  
Dar es Salaam, Tanzania

National Microfinance Bank (NMB) Ltd.  
P. O. Box 9031,  
Dar es Salaam, Tanzania.

Stanbic Bank Limited  
P.O. Box 72647  
Dar es Salaam, Tanzania

CRDB Bank PLC,  
P. O. Box 2302,  
Dar es Salaam, Tanzania.

Bank of Tanzania  
P. O. Box 2939  
Dar es Salaam, Tanzania

Tanzania Commercial Bank (TCB)  
P. O. Box 9300,  
Dar es Salaam, Tanzania.

### Lawyers:

Office of Solicitor General,  
P. O. Box 71554,  
10 Kivukoni Road,  
11405, Dar es Salaam, Tanzania.

### Company Secretary:

Advocate Sundi Mahalu  
Plot No 114 Block G,  
Dar es salaam Road,  
P.O. Box 453,  
Dodoma, Tanzania.

### Auditors:

The Controller and Auditor General,  
National Audit Office,  
4 Ukaguzi Road,  
P. O. Box 950,  
Hazina Street,  
41104 Dodoma.



## **1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

**Chairman of the Board,**  
Tanzania Electric Supply Company Limited,  
P.O. Box 453,  
Dodoma, Tanzania

### **1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

#### **Unqualified Opinion**

I have audited the financial statements of Tanzania Electric Supply Company Limited (TANESCO), which comprise the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement 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 TANESCO as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the manner required by the Public Finance Act, Cap. 348.

#### **Basis for Opinion**

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of TANESCO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### **Key Audit Matters**

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

#### **Other Information**

Management is responsible for the other information. The other information comprises the Report by Those Charged with Governance, Statement of Director's Responsibility and 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Further, Section 48(3) of the Public Procurement Act, Cap. 410 requires me to state in my annual audit report whether the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## **1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS**

### **1.2.1 Compliance with the Public Procurement laws**

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

I performed a compliance audit on the procurement of works, goods, and services in the TANESCO for the financial year 2023/24 as per the Public Procurement laws.

## Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of TANESCO is generally in compliance with the requirements of the Public Procurement laws.

### **1. Failure to fulfil contractual obligation of advance payment timely TZS 88.09 billion and USD 43.18 million**

Regulation 75(1) of the Public Procurement Regulations of 2013 requires that procuring entities must ensure funds are allocated or committed before initiating procurement proceedings. Additionally, Regulation 10(4) stipulates that procuring entities must make payments to tenderers properly and promptly as per contractual terms to uphold their credibility and creditworthiness. Furthermore, commitments must be recorded against allocated funds before any contract is signed.

A review of procurement files for the financial year 2023/24, in conjunction with contract documents and project implementation records, revealed non-compliance with the above regulations. Despite project commencement and the submission of invoices for advance payments by contractors in accordance with contractual terms, the payments remained outstanding as of 28 January 2025. The delayed payments amounted to TZS 88.09 billion and USD 43.18 million, with delays extending up to 367 days. The affected contracts included major infrastructure projects such as the construction of a transmission line from Pugu to Dundani and the electrification of the Standard Gauge Railway (SGR) from Isaka to Mwanza. The delays were primarily due to insufficient funds and inefficiencies in payment processing.

### **2. Weakness noted under Tender no. PA/001/2022-23/HQ/W/44 lot 2**

Regulation 204(2)(k) of the Public Procurement Regulations of 2013 mandates the rejection of tenders that contain material deviations, including the failure to provide essential supporting documents required to determine substantial responsiveness. Regulation 207(1) allows procuring entities to seek clarifications from tenderers but explicitly prohibits any modifications that would alter the substance of the bid, including price changes or actions that would make an unresponsive tender compliant. Additionally, Regulation 206(2) stipulates that tenders found to be non-responsive must be rejected outright and cannot be modified, corrected, or adjusted to become responsive after submission.

However, records on the contract PA/001/2022-23/HQ/W/44 Lot 2, dated 7 November 2023, between TANESCO and M/s Xian Electric Engineering Co. Ltd for the Supply, Installation, Testing, and Commissioning of a 220/132/33kV, 2x120MVA substation at Ununio, valued at USD 12.45 million and TZS 2.51 billion, plus an additional USD 0.57 million for substation digitalization, showed several irregularities. The tender evaluation was conducted three times by two different teams, leading to inconsistencies. Non-responsive bidders were allowed to later stages of evaluation, and a bidder was allowed to submit missing documents outside TAnEPS after the due date. The Tender Board also influenced the composition of the evaluation committee, affecting its independence. Ultimately, the contract was

awarded to a non-responsive bidder which violate the procurement regulations and undermining transparency.

Awarding a contract to a non-responsive bidder increases the risk of project failure, cost overruns, and legal disputes. It damages the credibility of the procurement process and may result in regulatory penalties, project delays, and difficulties in securing future contracts with reputable vendors.

### **3. Weakness noted in the tender PA/001/2022-23/HQ/G/37**

Regulation 59(5) of the Public Procurement Regulations of 2013 mandates that the accounting officer, upon receiving comments from the Attorney General on a draft contract, must incorporate them before finalizing the contract. Regulation 373(1) requires that the contracting authority conduct due diligence on the private partner recommended for contract award, including verifying their experience, qualifications, and expertise to ensure they meet the contracting authority's objectives. Additionally, Regulation 132(2)(c) stipulates that procuring entities must report to the relevant authorities any breach of contract or unsatisfactory performance by a contractor under framework agreements.

A review of the procurement process for contract PA/001/2022-23/HQ/G/37, dated 20 July 2023, between TANESCO and M/s Anadolu Elektrik Sanayi Ve Ticaret A.S for the supply, installation, and commissioning of a 20MVA, 33/33kV regulating transformer with associated equipment at Msamvu Substation, valued at USD 1.23 million for a period of 18 months, identified several weaknesses. The contract signing was delayed due to inadequate follow-ups with the Attorney General's office. Additionally, the Attorney General's advice to conduct due diligence on the contractor was ignored, raising concerns about the adequacy of the contractor's qualifications. Furthermore, despite the contractor's failure to perform, TANESCO did not report the breach to the relevant authorities as required. As of the audit in September 2024, the supplier had not been reported, and inquiries with management indicated that the process of informing the tender board about reporting to the authorities was still ongoing.

### **4. Weakness noted under Tender no. PA/001/2022-23/HQ/W/44 lot 1**

Regulation 110(1)(3) of the Public Procurement Regulations of 2013 stipulates that once signed, a contract or written agreement shall not be altered unless the changes are necessary for the benefit of the procuring entity and do not cause prejudice. Any proposed variations, including additions or deductions that alter the scope, extent, or intention of the contract, must be submitted to the appropriate tender board for approval before implementation.

A review of the tendering process and contract implementation for Contract No. PA/001/2022-23/HQ/W/44 Lot 1, dated 24 February 2023, between TANESCO and M/S Tontan Project Technology Co. Ltd for the supply, installation, testing, and commissioning of a 220/132/33kV, 2x120MVA substation at Ununio, valued at USD 3.92 million and TZS 5.10 billion VAT inclusive, revealed several irregularities. The scope of the contract was altered after signing, resulting in an additional cost of TZS 1.798 billion, without obtaining the necessary approvals from the tender board. Furthermore, the contractor failed to renew performance guarantees upon expiry, exposing TANESCO to financial risks. The project

progress was also found to be unsatisfactory, with implementation reaching only 24.46% as of 30 June 2024, significantly behind schedule. TANESCO, through a letter dated 18 July 2024 (Ref. No. DMD-PRI/MP(T&D)/PC/UB/UN/114), raised concerns over the contractor's cessation of work without prior notice or justifiable reasons. The contractor demobilized the workforce and suspended project activities, contrary to the revised implementation schedule.

### **1.2.2 Compliance with the Budget Act and other Budget Guidelines**

#### **Subject matter: Budget formulation and execution**

I performed a compliance audit on budget formulation and execution in TANESCO for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

#### **Conclusion**

Based on the audit work performed, I state that, except for the matters described below, Budget formulation and execution of TANESCO is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

#### **Inadequate monitoring and reporting of budget utilization worth 1.745 trillion**

Section 55(4) of the Budget Act Cap. 439 and Regulation 29(5) of the Budget Regulations of 2015 require Accounting Officers to prepare and submit quarterly progress and annual performance reports to the Ministry of Finance (MoF). These reports must be submitted in both hard and soft copies, with quarterly progress reports due within 30 days after the end of each quarter, and annual performance reports required no later than 15 October of each financial year. The reports should provide a detailed breakdown of budget utilization per activity with corresponding vote codes to facilitate effective monitoring and evaluation of financial performance.

A review of TANESCO's budget implementation for the financial year 2023/24 revealed non-compliance with these requirements. Although TANESCO's budget has exhibited a consistent annual increase of 8.5% over three consecutive years, from TZS 1.46 trillion in 2021/22 to TZS 1.75 trillion in 2023/24, the company did not prepare an annual budget implementation report based on specific activities and vote codes. The absence of a detailed breakdown of budget utilization has limited the ability to assess actual performance in relation to budgeted activities and to justify budget increments. Furthermore, it was noted that TANESCO lacks a budget utilization system capable of generating comprehensive budget performance reports. Additionally, there is no integration with the PlanRep system, which prevents the Ministry of Finance from accessing and monitoring budget implementation at the activity level.



Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March 2025



### 3.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE

The Tanzanian Companies Act, 2002 requires the directors to prepare financial statements for each financial period, which present fairly the state of financial affairs of the Group and Company as at the end of the financial period and of the Group and Company's operating results for that period. It also requires the directors to ensure that the Group and Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company. They are also responsible for safeguarding the assets of the Group and Company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Tanzanian Companies Act, 2002. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Tanzanian Companies Act, 2002. The directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Group and Company and its operating results.

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.

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.

The Group and Company financial statements for the year ended 30 June 2024, were approved by the Board of Directors and signed on its behalf by:



Signed By: Dr. Rhimo S. Nyansaho

Position: Board Chairman

Date: 18<sup>th</sup> March, 2025

#### **4.0 DECLARATION OF HEAD OF FINANCE ON THE FINANCIAL STATEMENTS**

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 Statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerns the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, **Jabir I. Mdee** being the Director Finance of Tanzania Electric Supply Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30<sup>th</sup> June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



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Signed by: CPA Jabir I. Mdee

Position: Director Finance

NBAA Registration No.ACPA 2993

**TANZANIA ELECTRIC SUPPLY COMPANY LIMITED (TANESCO)**

**5.0 FINANCIAL STATEMENTS**

**GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024**

|                                      |       | Group             |                   | Company           |                   |
|--------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|
|                                      |       | 30 June 2024      | 30 June 2023      | 30 June 2024      | 30 June 2023      |
|                                      | Note  | TZS 'm            | TZS 'm            | TZS 'm            | TZS 'm            |
| <b>Non-current assets</b>            |       |                   |                   |                   |                   |
| Property, plant and equipment        | 16    | 16,149,369        | 11,809,379        | 16,137,790        | 11,798,325        |
| Capital work in progress             | 17    | 6,437,143         | 8,723,627         | 6,435,420         | 8,719,315         |
| Intangible assets                    | 18    | 231               | 3,476             | 231               | 3,472             |
| Investment in subsidiary             | 20    | -                 | -                 | 81,495            | 63,702            |
| Investment in joint venture          | 21    | -                 | 710               | -                 | 3,687             |
| Other investments                    | 22    | 49,107            | 48,695            | 49,107            | 48,695            |
| Capacity charges prepayment          | 23    | 307               | 4,807             | 307               | 4,807             |
| <b>Total Non-current assets</b>      |       | <b>22,655,157</b> | <b>20,590,693</b> | <b>22,704,350</b> | <b>20,642,002</b> |
| <b>Current assets</b>                |       |                   |                   |                   |                   |
| Inventories                          | 25    | 12,230            | 13,862            | 8,800             | 11,675            |
| Trade and other receivables          | 26    | 218,666           | 213,640           | 165,852           | 165,031           |
| Prepayments                          | 38    | 638,228           | 275,368           | 630,371           | 263,881           |
| Withholding tax recoverable          | 39    | 19,299            | 12,235            | 19,197            | 11,174            |
| Deferred Tax asset                   | 40    | 180               | 143               | -                 | -                 |
| Tax Asset                            | 47    | 327               | 347               | -                 | -                 |
| Bank balances and cash               | 27(a) | 523,933           | 501,792           | 505,717           | 455,358           |
| <b>Total Current assets</b>          |       | <b>1,412,863</b>  | <b>1,017,387</b>  | <b>1,329,937</b>  | <b>907,119</b>    |
| <b>Total assets</b>                  |       | <b>24,049,020</b> | <b>21,608,080</b> | <b>24,034,287</b> | <b>21,549,122</b> |
| <b>Capital and reserves</b>          |       |                   |                   |                   |                   |
| Share capital                        | 28(a) | 3,958,096         | 3,958,096         | 3,958,096         | 3,958,096         |
| Advance towards share capital        | 28(b) | 33,719            | 1,246             | 33,719            | 1,246             |
| Accumulated losses                   |       | (2,468,846)       | (2,490,338)       | (2,430,317)       | (2,454,097)       |
| Reserves                             |       | 4,403,013         | 4,397,195         | 4,401,194         | 4,395,376         |
| <b>Total equity</b>                  |       | <b>5,925,982</b>  | <b>5,866,199</b>  | <b>5,962,692</b>  | <b>5,900,621</b>  |
| <b>Non-current liabilities</b>       |       |                   |                   |                   |                   |
| Deferred tax liability               | 24    | 2,113,798         | 2,094,830         | 2,113,200         | 2,094,322         |
| Grants                               | 29    | 12,107,294        | 10,569,524        | 12,086,506        | 10,548,660        |
| Borrowings - Non-current portion     | 30    | 856,873           | 273,451           | 856,873           | 273,451           |
| Consumer deposits                    | 33    | 4,364             | 5,720             | 4,364             | 5,720             |
| Decommissioning provision            | 36    | 10,902            | 12,223            | 10,902            | 12,223            |
| Deferred income                      | 41    | 134,559           | 123,969           | 134,559           | 123,969           |
| Other employment benefits            | 31    | 106,229           | 110,035           | 106,229           | 110,035           |
| <b>Total Non-current liabilities</b> |       | <b>15,333,930</b> | <b>13,189,752</b> | <b>15,312,634</b> | <b>13,168,380</b> |

Controller and Auditor General

AR/PA/2023/24

**TANZANIA ELECTRIC SUPPLY COMPANY LIMITED (TANESCO)**

|                                     | <u>Note</u> | <u>Group</u>        |                     | <u>Company</u>      |                     |
|-------------------------------------|-------------|---------------------|---------------------|---------------------|---------------------|
|                                     |             | <u>30 June 2024</u> | <u>30 June 2023</u> | <u>30 June 2024</u> | <u>30 June 2023</u> |
|                                     |             | <u>TZS 'm</u>       | <u>TZS 'm</u>       | <u>TZS 'm</u>       | <u>TZS 'm</u>       |
| <b>Current liabilities</b>          |             |                     |                     |                     |                     |
| Trade and other payables            | 32          | 2,571,808           | 2,458,561           | 2,541,661           | 2,386,556           |
| Borrowings - Current portion        | 30          | 133,518             | 3,329               | 133,518             | 3,329               |
| Provisions                          | 36          | 75,795              | 84,750              | 75,795              | 84,750              |
| Income tax payable                  | 35          | 7,988               | 5,487               | 7,987               | 5,485               |
| <b>Total Current liabilities</b>    |             | <b>2,789,109</b>    | <b>2,552,127</b>    | <b>2,758,961</b>    | <b>2,480,120</b>    |
| <b>Total liabilities</b>            |             | <b>18,123,038</b>   | <b>15,741,879</b>   | <b>18,071,595</b>   | <b>15,648,500</b>   |
| <b>Total equity and liabilities</b> |             | <b>24,049,020</b>   | <b>21,608,079</b>   | <b>24,034,287</b>   | <b>21,549,122</b>   |

These Financial Statements were adopted by the Board of Directors and were signed on its behalf by:

|                                                                                                                                   |                                      |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| <br>Chairman: Dr. Rhimo S. Nyansaho            | 18 <sup>th</sup> March, 2025<br>Date |
| <br>Managing Director: Eng Gissima Nyamo-Hanga | 18 <sup>th</sup> March, 2025<br>Date |

**TANZANIA ELECTRIC SUPPLY COMPANY LIMITED (TANESCO)**

**GROUP AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024**

|                                         | <u>Note</u> | Group<br>30 June<br>2024 | 30 June<br>2023 | 30 June<br>2024 | Company<br>30 June<br>2023 |
|-----------------------------------------|-------------|--------------------------|-----------------|-----------------|----------------------------|
|                                         |             | TZS 'm                   | TZS 'm          | TZS 'm          | TZS 'm                     |
| Revenue                                 | 9           | 2,196,947                | 1,952,709       | 2,152,484       | 1,932,801                  |
| Cost of sales                           | 10          | (2,206,060)              | (1,954,499)     | (2,187,754)     | (1,941,101)                |
| Gross (loss)/profit                     |             | (9,113)                  | (1,790)         | (35,269)        | (8,300)                    |
| Other income                            | 11          | 589,626                  | 333,083         | 589,496         | 332,829                    |
| Impairment of Financial Assets          | 12(a)       | (40,434)                 | (41,683)        | (39,165)        | (41,683)                   |
| Operating expenses                      | 12(b)       | (452,739)                | (265,361)       | (425,732)       | (257,337)                  |
| Operating profit                        |             | 87,340                   | 24,249          | 89,330          | 25,510                     |
| Interest income on bank deposits        | 13(b)       | 266                      | 360             | 266             | 360                        |
| Finance cost                            | 13(a)       | (37,686)                 | (16,895)        | (37,686)        | (16,895)                   |
| Net finance cost                        |             | (37,420)                 | (16,535)        | (37,420)        | (16,535)                   |
| Profit before tax                       |             | 49,920                   | 7,714           | 51,910          | 8,975                      |
| Income tax (charge)                     | 14          | (33,406)                 | (1,833)         | (30,132)        | (4)                        |
| Profit for the year                     |             | 16,514                   | 5,880           | 21,778          | 8,970                      |
| Other comprehensive income (net of tax) |             |                          |                 |                 |                            |
| Re-measurement of Defined Benefit Plan  | 31          | 7,900                    | (14,971)        | 7,900           | (14,971)                   |
| Unrealized gain on equity               | 22          | 412                      | (866)           | 412             | (866)                      |
| Deferred tax at 30%                     |             | (2,493)                  | 4,751           | (2,493)         | 4,751                      |
| Other Comprehensive income net of Tax   |             | 5,818                    | (11,086)        | 5,818           | (11,086)                   |
| Total comprehensive profit for the year |             | 22,332                   | (5,205)         | 27,596          | (2,115)                    |

These Financial Statements were adopted by the Board of Directors and were signed on its behalf by:



Chairman: Dr. Rhimo S. Nyansaho

18<sup>th</sup> March, 2025

Date



Managing Director: Eng Gissima Nyamo-Hanga

18<sup>th</sup> March, 2025

Date

Controller and Auditor General

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TANZANIA ELECTRIC SUPPLY COMPANY LIMITED (TANESCO)

**GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024**

| GROUP                                       | Share capital<br>TZS 'm | Advance towards share capital<br>TZS 'm | Revaluation reserve<br>TZS 'm | Fair value reserve of financial assets<br>TZS 'm | Other Reserve<br>TZS 'm | Accumulated losses<br>TZS 'm | Total<br>TZS 'm |
|---------------------------------------------|-------------------------|-----------------------------------------|-------------------------------|--------------------------------------------------|-------------------------|------------------------------|-----------------|
| Period ended 30 June 2023-restated          |                         |                                         |                               |                                                  |                         |                              |                 |
| Balance at 01 July 2023                     | 3,958,096               | 1,246                                   | 4,373,312                     | 34,194                                           | (10,312)                | (2,485,360)                  | 5,871,177       |
| Impact of correction of errors              |                         |                                         |                               |                                                  |                         |                              |                 |
| Balance at 1 July 2023 -restated            | 3,958,096               | 1,246                                   | 4,373,312                     | 34,194                                           | (10,312)                | (2,485,360)                  | 5,871,177       |
| Profit for the year                         | -                       | -                                       | -                             | -                                                | -                       | 16,514                       | 16,514          |
| Other comprehensive income (OCI)            | -                       | -                                       | -                             | 412                                              | 7,900                   | -                            | 8,312           |
| Total Comprehensive Income                  | -                       | -                                       | -                             | 412                                              | 7,900                   | 16,514                       | 24,825          |
| Deferred tax liability on equity instrument | -                       | -                                       | -                             | (124)                                            | (2,370)                 | -                            | (2,493)         |
| Revaluation of Asset                        | -                       | -                                       | -                             | -                                                | -                       | -                            | -               |
| Loan conversion to equity                   | -                       | -                                       | -                             | -                                                | -                       | -                            | -               |
| Transactions with owners:                   |                         |                                         |                               |                                                  |                         |                              |                 |
| Advance towards Share capital               |                         | 32,472                                  |                               |                                                  |                         |                              | 32,472          |
| Balance as at 30 June 2024                  | 3,958,096               | 33,719                                  | 4,373,312                     | 34,483                                           | (4,782)                 | (2,468,846)                  | 5,925,982       |

These Financial Statements were adopted by the Board of Directors and were signed on its behalf by:

|                                                                                       |                                            |      |
|---------------------------------------------------------------------------------------|--------------------------------------------|------|
|  | Chairman: Dr. Rhimo S. Nyansaho            | Date |
|  | Managing Director: Eng Gissima Nyamo-Hanga | Date |

Controller and Auditor General

AR/PA/2023/24

## GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024 (Continued)

| COMPANY                                                       | Share capital<br>TZS 'm | Advance<br>towards<br>share capital<br>TZS 'm | Revaluation<br>reserve<br>TZS 'm | Fair value<br>reserve of<br>financial assets<br>TZS 'm | Other<br>Reserve<br>TZS 'm | Accumulated<br>losses<br>TZS 'm | Total<br>TZS 'm |
|---------------------------------------------------------------|-------------------------|-----------------------------------------------|----------------------------------|--------------------------------------------------------|----------------------------|---------------------------------|-----------------|
| Period ended 30 JUNE 2023                                     |                         |                                               |                                  |                                                        |                            |                                 |                 |
| Balance at 1 July 2022                                        | 3,958,096               | 1,246                                         | 4,371,493                        | 34,194                                                 | (10,312)                   | (2,452,095)                     | 5,902,623       |
| Impact of correction of errors                                |                         |                                               |                                  |                                                        |                            |                                 |                 |
| Balance at 1 July 20223-restated                              | 3,958,096               | 1,246                                         | 4,371,493                        | 34,194                                                 | (10,312)                   | (2,452,095)                     | 5,902,623       |
| Profit/Loss for the year                                      | -                       | -                                             | -                                | -                                                      | -                          | 21,778                          | 21,778          |
| Other comprehensive income:                                   | -                       | -                                             | -                                | 412                                                    | 7,900                      |                                 | 8,312           |
| Total Comprehensive income                                    | -                       | -                                             | -                                | 412                                                    | 7,900                      | 21,778                          | 30,090          |
| Deferred tax liability on revaluation on<br>equity instrument |                         |                                               |                                  | (124)                                                  | (2,370)                    |                                 | (2,493)         |
| Loan conversion to equity                                     |                         |                                               |                                  |                                                        |                            |                                 |                 |
| Transactions with owners:                                     |                         |                                               |                                  |                                                        |                            |                                 |                 |
| Advance towards Share capital                                 |                         | 32,472                                        |                                  |                                                        |                            |                                 | 32,472          |
| Balance as at 30 June 2023                                    | 3,958,096               | 33,719                                        | 4,371,493                        | 34,483                                                 | (4,782)                    | (2,430,317)                     | 5,962,692       |

These Financial Statements were adopted by the Board of Directors and were signed on its behalf by:

Chairman: Dr. Rhimo S. Nyansaho

Date

18<sup>th</sup> March, 2025

Managing Director: Eng Gissima Nyamo-Hanga

Date

18<sup>th</sup> March, 2025

Controller and Auditor General

AR/PA/2023/24

TANZANIA ELECTRIC SUPPLY COMPANY LIMITED (TANESCO)

**GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023**

| SEPARATE                                    | Share capital<br>TZS 'm | Advance towards share capital<br>TZS 'm | Revaluation reserve<br>TZS 'm | Fair value reserve of financial assets<br>TZS 'm | Other Reserve<br>TZS 'm | Accumulated losses<br>TZS 'm | Total<br>TZS 'm |
|---------------------------------------------|-------------------------|-----------------------------------------|-------------------------------|--------------------------------------------------|-------------------------|------------------------------|-----------------|
| Period ended 30 June 2023                   |                         |                                         |                               |                                                  |                         |                              |                 |
| Balance at 01 July 2022                     | 1,131,368               | 602,396                                 | 4,371,493                     | 34,801                                           | 168                     | (2,401,470)                  | 3,738,755       |
| Impact of correction of errors              |                         |                                         |                               |                                                  |                         | (61,597)                     | (61,597)        |
| Balance at 01 July 2022                     | 1,131,368               | 602,396                                 | 4,371,493                     | 34,801                                           | 168                     | (2,463,068)                  | 3,677,158       |
| Profit for the year                         | -                       | -                                       | -                             | -                                                | -                       | 8,970                        | 8,970           |
| Other comprehensive income (OCI)            | -                       | -                                       | -                             | (866)                                            | (14,971)                | -                            | (15,837)        |
| Total Comprehensive Income                  | -                       | -                                       | -                             | (866)                                            | (14,971)                | 8,970                        | (6,866)         |
| Deferred tax liability on equity instrument | -                       | -                                       | -                             | 260                                              | 4,491                   | -                            | 4,751           |
| Revaluation of Asset                        | -                       | -                                       | -                             | -                                                | -                       | -                            | -               |
| Loan conversion to equity                   | 2,826,728               | -                                       | -                             | -                                                | -                       | -                            | 2,826,728       |
| Transactions with owners:                   |                         |                                         |                               |                                                  |                         |                              |                 |
| Advance towards Share capital               |                         | (601,149)                               |                               |                                                  |                         |                              | (601,149)       |
| Balance as at 30 June 2023                  | 3,958,096               | 1,246                                   | 4,371,493                     | 34,194                                           | (10,312)                | (2,454,097)                  | 5,900,621       |

These Financial Statements were adopted by the Board of Directors and were signed on its behalf by:

*18<sup>th</sup> March, 2025*

Chairman: Dr. Rhimo S. Nyansaho

Date

*18<sup>th</sup> March, 2025*

Managing Director: Eng Gissima Nyamo-Hanga

Date

Controller and Auditor General

AR/PA/2023/24

**TANZANIA ELECTRIC SUPPLY COMPANY LIMITED (TANESCO)**

**GROUP AND COMPANY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE**

|                                                           |          | Group              |                    | Company            |                    |
|-----------------------------------------------------------|----------|--------------------|--------------------|--------------------|--------------------|
|                                                           | No<br>te | 30 June<br>2024    | 30 June<br>2023    | 30 June<br>2024    | 30 June<br>2023    |
|                                                           |          | TZS 'm             | TZS 'm             | TZS 'm             | TZS 'm             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |          |                    |                    |                    |                    |
| Cash generated from operating activities                  | 34       | 82,496             | 433,312            | 125,049            | 400,040            |
| Tax Liability                                             | 35       | (11,798)           | (24,604)           | (8,564)            | (23,224)           |
| <b>Net cash from operating activities</b>                 |          | <b>70,698</b>      | <b>408,708</b>     | <b>116,485</b>     | <b>376,815</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |          |                    |                    |                    |                    |
| Additions to capital work in progress                     | 49       | (1,902,327)        | (2,381,148)        | (1,953,345)        | (2,375,330)        |
| Transfer to subsidiary PPE                                | 49       | (326)              | (1,822)            |                    |                    |
| Acquisition of PPE                                        |          |                    |                    |                    |                    |
| Addition of intangible                                    | 18       |                    |                    |                    |                    |
| Acquisition of subsidiary                                 | 20       | -                  | -                  | (17,792)           | (10,618)           |
| Additional to licensing                                   | 49       | (1,358)            | 1,961              |                    | -                  |
| <b>Net cash used in investing activities</b>              |          | <b>(1,904,010)</b> | <b>(2,381,009)</b> | <b>(1,971,137)</b> | <b>(2,385,948)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |          |                    |                    |                    |                    |
| Proceeds from borrowings                                  | 43       | 116,519            | 8,465              | 116,519            | 8,465              |
| Loan repayments                                           | 44       | (81,906)           | (53,391)           | (81,906)           | (53,391)           |
| Change in restricted cash                                 |          |                    |                    |                    |                    |
| Proceeds from grants                                      | 45       | 1,870,397          | 2,080,452          | 1,870,397          | 2,080,452          |
| <b>Net cash generated from financing activities</b>       |          | <b>1,905,010</b>   | <b>2,035,526</b>   | <b>1,905,010</b>   | <b>2,035,526</b>   |
| <b>Net increase/decrease in cash and cash equivalents</b> |          | <b>22,140</b>      | <b>63,224</b>      | <b>50,358</b>      | <b>26,393</b>      |
| Cash and cash equivalents at beginning of year            |          | 501,792            | 438,568            | 455,358            | 428,965            |
| (Decrease)/Increase during the year                       |          | 22,140             | 63,224             | 50,358             | 26,393             |
| <b>Cash and cash equivalents at end of year</b>           | 26       | <b>523,933</b>     | <b>501,792</b>     | <b>505,716</b>     | <b>455,358</b>     |

These Financial Statements were adopted by the Board of Directors and were signed on its behalf by:

Chairman: Dr. Rhimo S. Nyansaho

Managing Director: Eng Gissima Nyamo-Hanga

18<sup>th</sup> March, 2025

18<sup>th</sup> March, 2025

Date

Date

Controller and Auditor General

AR/PA/TANESCO/2023/24