



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



**TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS
SERVICES AGENCY (TEMESA)**

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

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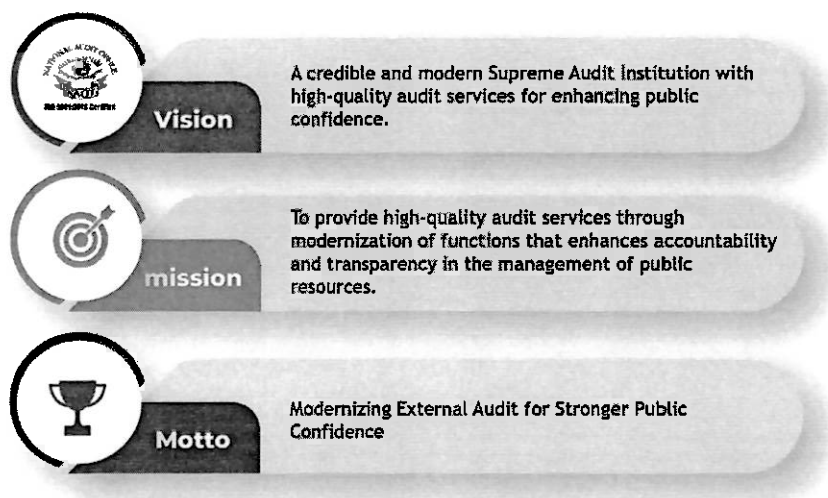
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About the National Audit Office

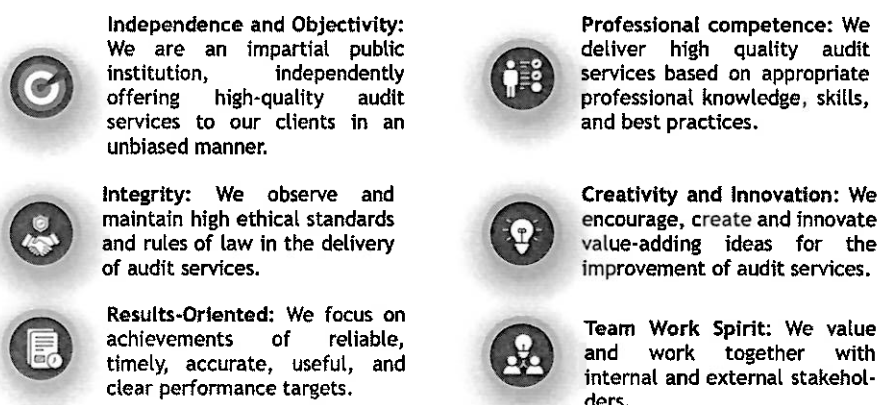
Mandate

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

NAOT Vision, Mission & Motto



Core Values



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Abbreviations

Ag.	Acting
BoT	Bank of Tanzania
CE	Chief Executive
CWIP	Capital Work in Progress
DBSS	Director of Business Support Services
DFOC	Director of Ferries Operation and Construction
DMTS	Director of Maintenance and Technical Services
EAD	Exposure at Default
E & M	Electrical and Mechanical Division
Eng.	Engineer
ECL	Expected Credit Loss
FAM	Finance and Accounts Manager
FY	Financial Year
GePG	Government electronic Payment Gateway
GoT	Government of Tanzania
GTA	Government Transport Agency
GPSA	Government Procurement Services Agency
HQ	Headquarter
HRAM	Human Resources and Administration Manager
IAS	International Accounting Standards
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IPSAS	International Public Sector Accounting Standards IPSASB
JV	Journal Voucher
KRA	Key Results Areas
KASHWASA	Kahama Shinyanga Water Supply and Sanitation Authority
LPO	Local Purchase Order
LGD	Loss Given Default
MAB	Ministerial Advisory Board
MoW	Ministry of Works
MUSE	Mfumo wa Uhasibu Serikalini
NBC	National Bank of Commerce
NMB	National Microfinance Bank
NSSF	National Social Security Fund
NBAA	National Board of Accountants and Auditors
OC	Other Charges
PAYE	Pay as You Earn
PD	Probability of Default
PFA	Public Finance Act



PMU	Procurement Management Unit
PO-PSM	Presidents' Office - Public Service Management
PRV	Provision
PPP	Public Private Partnership
PSP	Public Sector Participation
PSSSF	Public Service Social Security Fund
PWD	Public Works Department
RAS	Regional Administrative Secretary
SHIMIWI	Shirikisho la Michezo la Wizara
TBA	Tanzania Buildings Agency
TEMESA	Tanzania Electrical, Mechanical and Electronics Services Agency
TMS	TEMESA
TV	Television
TZS	Tanzanian Shillings
TCWG	Those Charged with Governance
TFRS	Tanzania Financial Reporting Standard
TASAC	Tanzania Shipping Agencies Corporation
VAT	Value Added Tax
WWW	World Wide Web
Y/E	Year Ended
MMTE	Mfumo wa Madeni TEMESA

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chief Executive,
TEMESA,
P.O. Box 1075,
DODOMA

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Adverse Opinion

I have audited the financial statements of Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA), which comprise the statement of financial position as at 30 June 2025, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, because of the significance of the matter(s) discussed in the basis for adverse opinion section of my report, the accompanying financial statements do not present fairly the financial position of the Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting, as issued by the International Public Sector Accounting Standards Board (IPSASB) and in the manner required by the Public Finance Act, Cap. 348.

Basis for Adverse Opinion

1) Fraud involving irregular bulk payments to ghost suppliers and ghost contract employees TZS 2.6 billion

My audit of TEMESA for the financial year 2024/25 identified suspected fraud involving irregular bulk payments amounting to TZS 2,660,812,522.12, processed in contravention of Paragraph 5.3.2 of the Accounting Procedure Manual, 2021, which restricts bulk payments to legitimate staff-related allowances only.

Out of total bulk payments of TZS 2,965,021,122, only TZS 304,208,599.88 (10.26%) represented genuine staff payments, while TZS 2,660,812,522.12 (89.74%) was irregularly processed, comprising TZS 2,660,412,522 paid to ghost suppliers and TZS 400,000 paid to ghost contract employees. Main perpetrators included Bishagazi General Supply (TZS 1,327,445,022.12), Ndacha Enterprises (TZS 1,306,381,500), Justus Justus Mponda (TZS 14,500,000), Bahari Technical Works (TZS 8,900,000), and Three Brothers Injection Pump Service (TZS 3,186,000), despite no evidence of services rendered or outstanding payables.

Upon re-printing vouchers from the MUSE system, it was observed at TEMESA Dodoma, Payment Voucher No. 00X80072B2500019 submitted for the audit reflected TZS 3,040,000, while the same voucher reprinted showed TZS 25,890,000, with the difference of TZS 22,850,000 paid to Bishagazi General Supply, confirming deliberate concealment.

In addition, audit review revealed that an Assistant Account Officer Grade II, while on approved annual leave from 4 to 17 June 2025, used his system credentials on 10 June 2025 to process payment transactions totalling TZS 91,650,000. Of this amount, TZS 90,000,000 was paid to Bishagazi General Supply, a supplier not listed among TEMESA Dodoma Region's approved suppliers and unknown to management.

Upon inquiry, it was confirmed that the suppliers did not provide services, substantiating suspected fraud arising from weak internal controls, poor segregation of duties, and inadequate authorisation and verification processes, resulting in overstatement of wages and employee benefits and misappropriation of public funds. Thereby corroborating the absence of legitimate justification for the supplier payments processed through the bulk payment system, leading to the conclusion of suspected fraud. This has led to investigations being conducted by the Prime Minister's Office and the Prevention and Combating of Corruption Bureau (PCCB) as well as the Forensic Audits. The investigations are yet to be concluded.

In view of the above, I could not ascertain the accuracy, occurrence, completeness and existence of the transaction in the financial statements. Therefore, expenses (wages, salaries, and employee benefits) were overstated while surplus and cash equivalents were understated by TZS 2,660,812,522.12.

2) Fictitious payments paid at TEMESA Manyara station worth TZS 124.5 million
My Audit of TEMESA at Manyara Station for the financial year 2024/25 identified fictitious payments amounting to TZS 124,475,958 processed through the normal voucher system, contrary to Paragraphs 8.4.1-8.4.3 of the Ministry of Finance Accounting Procedure Manual, 2021, which require the issuance of system-generated LPOs and adequate supporting documentation before payment. A total of TZS 196,088,373.94 was recorded as staff-related allowances, of which TZS 70,239,916 was paid to legitimate staff and TZS 125,848,458 to a temporary service provider. However, only TZS 1,372,500 was submitted for audit—without adequate supporting documents, such as work completion and inspection reports—while TZS 124,475,958 was not submitted for audit review. Furthermore, the Regional Manager of Manyara confirmed that the payee did not provide services during the year, yet the payments were prepared and approved by responsible officials, indicating a lack of a legitimate basis and pointing to fraudulent transactions.

During the year under review, this resulted in overstated expenses (wages, salaries, and employee benefits) and understated surplus and cash equivalents by TZS 124,475,958.

In relation to the matters above, I conducted a forensic audit covering the period from the 2021/22 to 2024/25 financial years. I revealed that a total of TZS 5,011,510,000 was fraudulently misappropriated through irregular and deceptive transactions, leading to a significant loss of government funds. Since fraudulent activities began in 2021/22, the cumulative misstatement of cash and expenses totals TZS 5,011,510,000.

3) Failure to reconcile supplier payables of TZS 1.3 billion

Paragraph 4.7.2 of the Agency Guidelines for the Implementation of Human Resource Management and Administration Functions, Planning, Monitoring and Evaluation, and Accounting and Finance (Second Edition, February 2024), TEMESA offices are required to prepare and properly record statements of outstanding payables for all goods and services received, supported by valid procurement documentation, reconciled with suppliers, updated daily in the MMTE (Mfumo wa Madeni TEMESA) system, and reconciled on a quarterly basis, including submission of quarterly debt reconciliation statements by the 10th day following the end of each quarter.

My review of payables noted weaknesses in the reconciliation process. TEMESA reported supplier payables of TZS 66,174,231,544 in the financial statements, while the MMTE system reflected TZS 64,814,319,358, resulting in an unreconciled difference of TZS 1,359,912,186.

This results in material uncertainty regarding the accuracy and completeness of the reported outstanding liabilities (Supplier payable) and constitutes a material misstatement of payables balances, which distorts the fair view for decision-making by TZS 1,359,912,186.

4) Unreconciled balances of payables with suppliers, leading to discrepancies of TZS 6.5 billion

Paragraph 4.7.2 of the Agency Guidelines for the Implementation of Human Resource Management and Administration Functions, Planning, Monitoring and Evaluation, and Accounting and Finance (Second Edition, February 2024), TEMESA offices are required to prepare and properly record statements of outstanding payables for all goods and services received, supported by valid procurement documentation, reconciled with suppliers, updated daily in the MMTE (Mfumo wa Madeni TEMESA) system, and reported to the Chief Executive Officer on a quarterly basis, including submission of quarterly debt reconciliation statements by the 10th day following the end of each quarter.

During the year under review, I conducted third-party confirmations in accordance with ISSAI 505 and ISSAI 500 for sampled account payables totalling TZS 28,134,609,428.85 out of TZS 64,814,319,358, as per Note 26 of the Financial Statements. A total of 26 confirmation requests were issued to suppliers, of which 13 responses (50%) were received.

My review of payables revealed discrepancies between balances recorded in the TEMESA debt management system (MMTE) and amounts confirmed by suppliers: MMTE reflected total payables of TZS 20,928,198,480.57, while suppliers confirmed outstanding balances of TZS 27,420,202,368.95, resulting in unreconciled differences of TZS 6,492,003,888.38. Several suppliers reported balances that were materially higher or lower than those recorded in MMTE, demonstrating that supplier balances were not adequately reconciled in line with applicable accounting and financial management requirements, thereby resulting in inconsistencies in the Agency's payable records

This results in Material uncertainty regarding the accuracy and completeness of the reported outstanding liabilities.

5) Unreconciled receivables' balances TZS 4.1 billion

IPSAS 1 Presentation of Financial Statements requires entities to prepare financial statements that fairly present their financial position, financial performance, and cash flows, supported by reliable and verifiable information.

My audit found that, in its financial statements, TEMESA, in Note 24(A), recognised a total receivable from exchange transactions amounting to TZS 56,209,783,102.57. I conducted third-party confirmations for 264 customers, of which only 11 customers responded to the confirmation, amounting to TZS 7,495,285,466.42. Of the confirmed responses received, I noted that TEMESA receivables totalling TZS 3,392,294,684.35 matched the confirmations from the respective entities leaving unreconciled receivables amounting to TZS 4,102,990,782.07, representing 54.74% of the confirmed receivables.

Failure to reconcile the outstanding receivables in a timely manner exposes the Agency to the risk of potential misstatements, non-recovery, constrains cash flows, and adversely affects TEMESA's ability to finance its operational and maintenance activities. Also, the receivable balance could not be reliably ascertained.

6) Inadequate bank reconciliations and inconsistencies in cash and cash equivalents balances

Regulation 167(1-3) of the Public Finance Regulations, 2001 requires that all bank account balances be reconciled with the corresponding cash book at least monthly.

TEMESA failed to perform bank reconciliations for three commercial revenue collection accounts throughout the year. Furthermore, there were significant discrepancies between the cashbook balances attached to monthly reconciliations and the balances extracted directly from the MUSE system. For instance, for June 2025, the consolidated revenue account shows that the cashbook balance attached to the reconciliation statement was TZS 3,805,421,382.82, while the cashbook balance independently extracted from MUSE as of 29/12/2025 was TZS 19,738,708,377.62, resulting in an unreconciled difference of TZS 15,933,286,994.80. My audit noted that TEMESA used bank statement balances that matched the confirmation from the bank. In the

circumstances where the cash book balance cannot be reliably ascertained, the accuracy of cash and cash equivalents and revenue balances may be compromised, leading to material misstatements.

7) Unreconciled inventory balances from source documents of TZS 4.6 billion

Paragraph 3.6.5 of Accounting Circular No. 2 of 2024/25, issued by the Treasury, requires Accounting Officers to ensure proper inventory management through regular stock-taking, verification of physical inventory against system records, and consistent use of the Inventory Module in the Integrated Financial Management Information System (IFMIS) for recording and issuing inventory.

As at 30 June 2025, TEMESA reported an inventory balance of TZS 5,528,733,686 in its financial statements, and in the physical stock count sheets submitted by all TEMESA centres, reported an inventory of TZS 5,583,798,583.45. However, the inventory reports from the MUSE system showed a significantly higher balance of TZS 10,215,066,711.43 as at 30 June 2025. This resulted in an unreconciled balance of TZS 4,631,268,127.98. management could not reconcile the noted discrepancies.

This led to material uncertainty regarding the accuracy and completeness of the reported inventory. This constitutes a material misstatement of inventory balances by TZS 4,631,268,127.98.

8) Non-Recognition and Delayed Recognition of Payables and Work-in-Progress (WIP) TZS 10,790,797,327 (Refer Para 2.1.5)

The accrual basis of accounting under International Public Sector Accounting Standard 1 (IPSAS 1) requires transactions and obligations to be recognised when they occur rather than when cash is paid. However, I noted weaknesses in the recognition of payables and related work-in-progress (WIP).

Payments amounting to TZS 4,410,412,402 relating to prior-period Interim Payment Certificates (IPCs) were recognized as work in progress only upon payment instead of when the obligations arose. In addition, verified contractors' and consultants' claims amounting to TZS 6,380,384,925 were not recognised as work in progress and payables despite having been certified and submitted for funding.

This practise had led to the misstatement of work in progress and payables to the tune of TZS 10,790,797,327 from the prior periods when they arose.

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, 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 with my knowledge I obtained during 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 responsibilities 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 scepticism 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.

My responsibilities on the audit of the financial statements are also to:

- 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;
- Provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear threats to my independence, and where applicable, related safeguards; and

- From the matters communicated with those charged with governance, 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 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 Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) 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 authorisations before award and maintained complete transaction records.

Conclusion

Based on the audit procedures performed, I conclude that, except for the matter described below, Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) generally complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

i. Standard specifications for installation of electricity, electrical equipment and maintenance of equipment not uploaded in NeST System

Regulation 131 (7) of the Public Procurement Regulations, 2024 requires TEMESA to develop and submit to the Authority (PPRA) criteria and specifications to be used by procuring entities in the procurement of electrical and electronic services and maintenance of equipment for registration and approval for being uploaded in the NeST system to be used by procuring entities.

However, during the audit in July 2025, I reviewed NeST system and found no standard specifications in relation to installation of electricity, electrical equipment and maintenance of equipment which have been prepared by TEMESA and approved by PPRA then uploaded in NeST to be used by procuring entities during the procurement as a result TANROADS and TARURA have been engaging contractors in installation of streetlights and traffic lights with different specifications.

This was due to a lack of developed criteria and specifications to be used by procuring entities in the procurement of electrical and electronic services and maintenance of equipment. Failure to upload the standard specifications for installation of electricity, electrical equipment and maintenance of equipment not uploaded in NEST system is noncompliance with Regulation 131 (7) of the Public Procurement Regulations, 2024 which has resulted installation of substandard streetlights and traffic lights.

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 Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) for the year ended 30 June 2025 as per the 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 Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) has not complied, in all material respects, with the requirements of the Budget Act and related Budget Guidelines due to potential fraud and fictitious payments where a total payments of TZS 2,785,288,480.12 were paid for services that were not rendered as explained in para 1 and 2 of the basis of opinion section of my report.


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



THE UNITED REPUBLIC OF TANZANIA
TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS SERVICES AGENCY
(TEMESA)
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH
JUNE 2025

4. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEARENDED 30 June 2025

The Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB), National Board of Accountants and Auditors' (NBAA), Pronouncements and the requirements of the Tanzania Electrical, Mechanical and Electronics Services Agency and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

TEMESA Management accepts responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The Management is of the opinion that financial statements give a true and fair view of the state of the financial affairs of the Agency and its operating results. TEMESA Management further accepts 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 Management to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

Approved and signed on behalf of TEMESA Management by;


.....
Mr. Moses R. Mabamba
ACTING CHIEF EXECUTIVE OFFICER


.....
Date

THE UNITED REPUBLIC OF TANZANIA
TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS SERVICES AGENCY
(TEMESA)
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH
JUNE 2025

5. DECLARATION OF THE HEAD OF ACCOUNTS

According to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, the National Board of Accountants and Auditors (NBAA) require financial statements to be accompanied by 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 Management to discharge the responsibility of preparing financial statements of an entity showing a 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 Management as stated under the Statement of Responsibility by Those Charged with Governance on the above page.

I, **CPA CHRISTIAN M. MAKAWA**, being Finance and Accounts Manager of Tanzania Electrical, Mechanical and Electronics Services Agency, hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30th June, 2025, have been prepared in compliance with applicable accounting standards and as per IPSAS on an accrual basis.

I, thus, confirm that the Financial Statements have been prepared based on properly maintained financial records, hence they give a true and fair view of the Tanzania Electrical, Mechanical and Electronics Services Agency as on that date.

Signed _____



Position: Finance and Accounts Manager

NBAA Membership No: ACPA 7087

Date: _____

06/03/2026

THE UNITED REPUBLIC OF TANZANIA
TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS SERVICES AGENCY
(TEMESA)
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH
JUNE 2025

STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2025

		2024/25	RESTATED 2023/24
	Note	TZS	TZS
	TZS		
ASSETS			
Current Asset			
Cash and Cash Equivalents	23	5,115,868,160	10,706,714,593
Inventories	25	5,528,733,687	6,747,475,700
Receivables and Prepayments	24A	50,615,048,322	51,377,552,887
Total Current Asset		61,259,650,169	68,831,743,180
Non-Current Asset			
Intangible Assets	29	880,346,452	1,017,618,301
Property, Plant and Equipment	28	98,109,828,626	104,647,871,462
Work in Progress	30	46,624,915,276	32,400,172,494
Total non-current Assets		145,615,090,354	138,065,662,257
Total Assets		206,874,740,523	206,897,405,433
LIABILITIES			
Current Liabilities			
Payables and Accruals	26	66,174,231,544	68,091,266,333
Total Current Liabilities		66,174,231,544	68,091,266,333
TOTAL LIABILITIES		66,174,231,544	68,091,266,333
Net Assets		140,700,508,976	138,806,139,095
NET ASSETS			
Capital Contributed by:			
Taxpayers Fund		60,536,381,721	60,536,381,721
Accumulated Surplus		80,164,127,255	78,269,757,374
TOTAL NET ASSETS		140,700,508,976	138,806,139,095

Chief Executive Officer

06/03/2026

Date

THE UNITED REPUBLIC OF TANZANIA
TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS SERVICES AGENCY
(TEMESA)
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH
JUNE 2025

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2025

	Note	2024/25 TZS	2023/24 TZS
Revenue			
Reversal of Provision for Impairment of Receivables	11	4,042,596,884	0.00
Fees, fines, penalties and Forfeits	12	16,517,500	113,323,193
Amortisation of Revenue Grants with Exchequer Revenue	13	25,072,718,462	14,723,181,991
Revenue from Exchange Transactions	14	57,708,049,089	67,013,298,709
Other Revenue	15	1,848,587,923	246,888,804
Total Revenue		88,688,469,858	82,096,692,697
EXPENSES AND TRANSFERS:			
Expenses			
Wages, Salaries and Employee Benefits	16	17,831,433,874	15,843,047,560
Social Benefits	17	511,053,004	799,238,909
Supplies and Consumables Used	18	19,767,542,000	16,685,642,808
Maintenance Expenses	19	38,000,571,048	36,496,867,687
Other Expenses	21	62,039,000	36,666,000
Expected Credit Loss	24A	0	1,737,087,484.46
Depreciation of Property, Plant and Equipment	31	9,377,269,658	11,506,902,461
Amortization of Intangible Assets	32	137,271,849	137,271,849
Total Expenses		85,687,180,433	83,242,724,758
Transfer:			
Grants, Subsidies, and Other Transfer Payments	20	1,106,919,545	1,170,628,649
Total Transfer		1,106,919,545	1,170,628,649
TOTAL EXPENSES AND TRANSFERS		86,794,099,978	84,413,353,407
Surplus/(Deficit)		1,894,369,881	(2,316,660,710)


 Chief Executive Officer


 Date

THE UNITED REPUBLIC OF TANZANIA
TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS SERVICES AGENCY
(TEMESA)
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH
JUNE 2025

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

CASH FLOW FROM OPERATING ACTIVITIES	NOTE	2024/25 TZS	2023/24 TZS
RECEIPTS			
Revenue from Exchange Transactions	22 (A)	64,034,380,496	63,593,852,020
Other Revenue	15	1,848,587,923	246,888,804
Funds Received (Grants from Government)	13	25,072,718,462	14,723,181,991
Fees, fines, penalties and Forfeits	12	16,517,500	113,323,193
Total Receipts		90,972,204,382	78,677,246,008
PAYMENTS			
Wages, Salaries and Employee Benefits	22 (C)	17,877,410,968	15,152,892,107
Supplies and Consumables Used	22(D)	19,765,170,210	16,460,657,056
Other Expenses	21	62,039,000	36,666,000
Social Benefits	17	511,053,004	799,238,909
Maintenance Expenses	22 (B)	38,655,258,528	24,500,402,895
Grants, Subsidies, and Other Transfer Payments		1,106,919,545	1,170,628,649
Total Payments		77,977,851,255	58,120,485,616
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	10	12,994,353,127	20,556,760,392
CASH FLOW FROM INVESTING ACTIVITIES			
Investing Activities			
Acquisition of Property, Plant and Equipment	31	(2,189,758,909)	(1,367,903,992)
Acquisition of Intangible Assets	29	(0.00)	(237,889,062)
Acquisition/Addition of work in progress	22D	(14,874,210,696)	(17,419,516,818)
Advance Payment to Contractors	24C	(1,520,145,083)	(302,454,178)
Total Investing Activities		(18,584,114,688)	(19,327,764,050)
NET CASH FLOW USED IN INVESTING ACTIVITIES		(18,584,114,688)	(19,327,764,050)
CASH FLOW FROM FINANCING ACTIVITIES			
Financing Activities			
Total Financing Activities		-	-
NET CASH FLOW FROM FINANCING ACTIVITIES			
Net Increase /(Decrease) In Cash		(5,589,761,561)	1,228,996,340
Cash and cash equivalents at the beginning of the period		10,706,757,989	9,477,761,649
Cash and cash equivalents at the end of the period		5,116,996,428	10,706,757,989


Chief Executive Officer


Date

THE UNITED REPUBLIC OF TANZANIA
TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS SERVICES AGENCY
(TEMESA)
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2025

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Taxpayer's Fund TZS	Accum. Surplus/Deficit)	TOTAL
Opening Balance as of 01 July 2024	60,536,381,721	78,269,757,374	138,806,139,095
Surplus/ Deficit for the Year	0	1,894,369,881	1,894,369,881
Closing Balance as of 30 June 2025	<u>60,536,381,721</u>	<u>80,164,127,255</u>	<u>140,700,508,976</u>
Opening Balance as of 01 July 2023	60,536,381,721	80,586,418,084	141,122,799,806
Surplus/ (Deficit) for the Year	0	(2,316,660,710)	(2,316,660,710)
Closing Balance as of 30 June 2024	<u>60,536,381,721</u>	<u>78,269,757,374</u>	<u>138,806,139,095</u>



 Chief Executive Officer



 Date

THE UNITED REPUBLIC OF TANZANIA
TANZANIA ELECTRICAL, MECHANICAL AND ELECTRONICS SERVICES AGENCY
(TEMESA)
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2025

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED
30 JUNE 2025

	Original Budget	Budgeted Amount Reallocations/ Adjustments	Final Budget (B)	Actual Amount on Comparison Basis (A)	Different Final Budget & Actual (B-A)
	TZS	TZS	TZS	TZS	TZS
RECEIPTS					
Fees, fines, penalties and Forfeits	123,568,240	0	123,568,240	16,517,500	107,050,740
Other Revenue	511,440,965	0	511,440,965	1,848,587,923	(1,337,146,958)
Revenue from Exchange Transactions	93,342,392,200	0	93,342,392,200	64,034,380,496	29,308,011,704
Revenue Grants	44,788,233,615	0	44,788,233,615	25,072,718,462	19,715,515,153
Total Receipts	138,765,635,020	0	138,765,635,020	90,972,204,381	47,793,430,638
PAYMENTS					
Grants, Subsidies and Other Transfer Payments	4,087,666,938	0	4,087,666,938	1,106,919,545	2,980,747,393
Maintenance Expenses	65,386,328,587	0	65,386,328,587	38,655,258,528	26,731,070,059
Other Expenses	55,650,875	0	55,650,875	62,039,000	3,611,875
Social Benefits	799,500,000	0	799,500,000	511,053,004	288,446,996
Supplies and Consumables Used	21,277,064,084	0	21,277,064,084	19,765,170,210	1,511,893,874
Wages, Salaries and Employee Benefits	18,238,542,800	0	18,238,542,800	17,877,410,968	4,774,382,884
Acquisition of Property, Plant and Equipment	24,497,630,684	0	24,497,630,684	18,584,114,688	5,913,515,996
Total Payment	138,765,635,020	0	138,765,635,020	96,561,965,943	42,203,669,077
Net Receipts	0	0	0	(5,589,761,561)	5,589,761,561



 Chief Executive Officer

06/03/2026

 Date