REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

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 2023

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

March 2024

AR/PA/TANESCO/2022/23

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 mission, vision & Motto

01 Mission

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

02 Vision

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

03 Motto

Modernising External Audit for Stronger Public Confidence

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.

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

Abbreviation	Meaning
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.

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

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

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

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

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

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

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

Company Secretary:
Advocate Zaharani Kisilwa
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 accompanying consolidated and separate financial statements of Tanzania Electric Supply Company Limited (the "Group), which comprise the consolidated and separate statement of financial position as at 30 June 2023, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate 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 consolidated and separate financial statements present fairly in all material respects, the financial position of Tanzania Electric Supply Company Limited (TANESCO) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Tanzania Electric Supply Company Limited (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 which I obtained prior to the date of this auditor's report.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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 or not 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 procurement of works, goods and services in the TANESCO for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

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

Weakness in engagement of M/s Erolink for provision of drivers and call centre operators
On 20 October 2022 TANESCO engaged M/s Erolink Ltd under a contract No. PA/001/2021-22/HQ/N/53 for provision of labourers (Drivers and Call Centre representative) at a contract price of TZS 27,040 per day for drivers and TZS 3,510 VAT exclusive per hour for Call Centre representatives for a period of three years.

However, the scope of works of operating the call centre was increased beyond the provision of labourers without contract amendments which is contrary to Reg. 110(1) of the PPR, 2013. The changes also included the adjustment of prices by including VAT amount on quoted prices after notification of award while there is no evidence indicating that the Employer had verified the skills of the laborers before their engagement as required by the Schedule of Requirements contrary to Reg. 243 (1) of the PPR, 2013. There was also charging of leave hours for labourers amounting to TZS 68,613,480 and without documented negotiation minutes contrary to the contract requirements of Reg. 228 (1) of the PPR, 2013.

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 the TANESCO for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

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

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

March 2024

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.1. INTRODUCTION

The Directors submit their report together with the Group and company financial statements for the year ended 30 June 2023, which disclose the operating results and state of affairs of Tanzania Electric Supply Company Limited (the ''Company'' or ''TANESCO'') and its three subsidiaries. The Subsidiaries are Tanzania Geothermal Development Company Limited (TGDC), Electrical Transmission, Distribution and Maintenance Company Limited (ETDCO) and Tanzania Concrete Poles Manufacturing Company Limited (TCPM) (together, the "Group") as at that date.

2.2. INCORPORATION

The Company was incorporated under the Indian Companies Act of 1913 in 1931 as private Company Limited by shares. It was then known as Tanganyika Electric Company Limited. On 09 August 1968 the Board of Directors passed a resolution to change the Company name to Tanzania Electric Supply Company Limited (TANESCO) which name endures to date.

Currently, the Company is operating under the Companies Act, 2002 as a limited liability company. Having all its shares held by the Government of the United Republic of Tanzania, it is a public corporation governed by the Public Corporations Act, revised edition 2002.

On the other hand, the subsidiary companies were incorporated as follows: TGDC on 19 November 2013, ETDCO on 7 June 2016 and TCPM on 16 December, 2014, each as a limited liability company. The subsidiaries are each 100% owned by TANESCO.

2.3. VISION STATEMENT

The vision of the Company is to be a Leading provider of energy solutions that drive sustainable economic prosperity in Africa.

2.4. MISSION STATEMENT

The Mission of the Company is to deliver customer-focused energy solutions through investment in our people, innovation and modernizing our infrastructure.

2.5. THE COMPANY STRATERGIC OBJECTIVE

Effective from the year 2021, the Company undertook initiatives of transforming its business operations which involved formulation of the Interim Corporate Strategic Plan (ICSP). The ICSP has focused on Seven (7) Strategic themes which are, People, Customer, Efficiency, Strategic projects, Communication & stakeholder's engagement, Resource Mobilization and Risk Management & Governance.

During implementation of the ICSP, the Company embarked on the development of the long term Corporate Strategic Plan (CSP). In the due course, the company engaged Deloitte to develop the Ten (10) Year Corporate Strategic Plan (CSP) which will come into effect in the financial year 2024/25. The CSP focuses on eight (8) Strategic Objectives namely;

Strengthen Customer Focus, Enhance Operational Efficiency, Accelerate Digital Transformation, Improve Financial Sustainability, Foster a Skilled Workforce, Coherent Culture & Change Management, Embrace Environmental, Social & Governance Practices, Future Proof the Business and Drive Realization of the Power System Master Plan.

2.6. PRINCIPAL ACTIVITIES

The Company's principal activities are generation/purchasing, transmission, distribution and selling electricity to the Mainland Tanzania as well as in bulk supply to Zanzibar. Currently, electricity is generated at seven (7) hydro power plants connected to the national grid which are Kidatu 240MW, Mtera 80MW, Kihansi 180MW, New Pangani Falls 68MW, Hale 21MW, Nyumba ya Mungu 8MW and Uwemba 0.843MW.The company also generates electricity through fifteen (15) thermal power plants connected to the grid which are Kinyerezi I 150MW, Kinyerezi II 248MW, Kinyerezi I Extension 185MW, Ubungo I Gas plant 102MW, Tegeta Gas Plant 45MW, Ubungo II Gas plant 129MW, Ubungo III Gas plant 112MW, Nyakato 60MW Power Plant, Zuzu 7.4MW, Somanga Gas plant 7.5MW, Mtwara Gas plant 30.6MW, Biharamulo 1.25MW, Ngara 1.25MW, Kasulu 3.75MW and Kibondo 2.5MW. Furthermore, the company generates electricity by nine (7) thermal power plants in isolated areas of Kigoma 8.5MW, Mafia 3MW, Mpanda 5MW, Inyonga 1.1MW, Sumbawanga 2.5MW and Bukoba 2.4MW.

For the purpose of reducing power deficits, the Company imports power from Uganda 24MW and Zambia 11MW for Kagera and Rukwa regions, respectively, and has long term power purchase agreements with Independent Power Producers and Small Power Producers (IPPs and SPPs), namely, Songas Limited 189MW, Tanganyika Wattle Company Limited (TANWAT) 1.5MW, TPC Limited 9MW, Andoya 1MW, Mwenga 4MW, Tulila 5MW, Iyovi 0.95MW, Matembwe 0.59MW and Darakuta 0.32MW, Luponde 0.9MW and Kigoma Solar Project 5MW.

In total, TANESCO has 1,886.33MW from various sources as explained above.

2.7. CURRENT DEVELOPMENT AND PERFORMANCE

During the period under review, the company has implemented various development projects, some of which were financed by the company's internal sources of funds and others were financed through the Government and Donors. As at the date of this report, these projects which comprise power generation, transmission and distribution were at various stages of completion whereby some were still ongoing while others were completed. The projects are detailed as follows:

2.7.1 POWER ENERATION PROJECTS

(a) Ongoing Projects

During the period under review, the company had been implementing different power generation projects which include the following:

i) Julius Nyerere Hydro Power Project (JNHPP) 2115MW

This project is for construction of 2115 MW Hydroelectric Power Plant at Stiegler's Gorge along the Rufiji River under the EPC Contract modality for Engineering, Procurement and Construction. The contract price is estimated at USD 2,818 million (TZS 6,558 billion) fully financed by the Government of the United Republic of Tanzania.

Construction of the project commenced on 15 June 2019 and is expected to be completed on 14 June 2024. The project completion progress as of August 2023 is 90.19%.

ii) Kinyerezi I Extension 185MW

The project started in November 2016 and involves construction of 185MW natural gas-powered plant at Kinyerezi Complex in Dar es Salaam. The project cost is estimated at USD 188 million (TZS 437,574 million) and it is 100% financed by the Government of Tanzania. The project completion status for the power plant portion is 95% whereby Gas Turbine 5, 6 and 7 generate total of 110.1MW, while Gas Turbine 8 is under initial commission to contribute to the Grid around 30MW. The installation, testing and commissioning of chillers for units are on-going and is expected to be completed by February 2024.

Also, to strengthen power evacuation capacity at Kinyerezi complex, there is a project of reconductoring of 132 kV of 3.5 km transmission line from Kinyerezi to Gongolamboto, including 2X150MVA, 220/132kV transformers at Kinyerezi, 1X100MVA, 132/33 each at Gongolamboto and Mbagala Substations. Installation of transformer will also include construction of line bays.

The project completion status for the transmission line portion is 47% and it is expected to be completed by February 2024.

iii) Rusumo 80MW Hydro Power Project

This project involves construction of 80MW Hydro Power Plant at Rusumo Water Falls along Kagera River. The project is financed by the World Bank in collaboration with the Governments of Burundi, Rwanda and Tanzania whereby each country will receive 26.67MW. The estimated total project cost is USD 340 million (equivalent to TZS 791,357 million). The project was expected to be completed in December 2021. However the project was delayed due to late mobilization of Civil Contractor, demobilization of Electromechanical Contractor in mid-2021 due to Covid 19 pandemic related lockdown at Rwanda side. Further delay was also caused by temporary stoppage of construction by the Financier (World Bank) due to complaints raised by surrounding communities concerning the effects of blasting. The project is now under commissioning and the Commercial Operation Date (COD) is expected to be in October 2023.

iv) Hale Rehabilitation Project

This project is for rehabilitation of the power plant with installed capacity of 21MW.

The project is financed by the Government of Tanzania through TANESCO and the Swedish Government through Swedish International Development Cooperation Agency (SIDA) at 40 to 60 percent respectively. Specific Agreement has been entered between Sweden and the United Republic of Tanzania on Rehabilitation of Hale Hydropower Station. The total cost for the Project is estimated at USD 21.2 million (TZS 49,343 million). The contracts were signed on 16 June 2022 with two Lots, Lot 1 civil works for the new escape tunnel awarded to M/s Sinohydro Corporation Limited from China and Lot 2 for Supply and Installation of electromechanical equipment awarded to M/s Dongfang Electric International Corporation from China. The kick off meeting was held on 12 to 16 July 2022 at site (Hale hydropower station in Tanga region). The overall project completion status is 48%, and it is expected to be completed in August, 2025.

v) Malagarasi Hydro Power Plant Project 49.5MW

This project involves construction of 49.5MW Hydro Power Plant at Igamba Water Falls along Malagarasi river in Kigoma region. The project also involves construction of 132kV Transmission Line and 33kV Distribution Line Project in Kigoma region. The Project's overall cost is estimated at USD 144.14 million (TZS 335,489 million) and will be covered by the Bank Group (from the ADB sovereign window), Africa Growing Together Fund (AGTF) and the Government of the United Republic of Tanzania, each contributing USD 120.00 million (TZS 279,302 million) (83%), USD 20.00 million (TZS 46,550 million) (14%) and USD 4.14 million (TZS 9,636 million) (3%), in local currency respectively. The Loan agreement was signed between the Government of Tanzania and the Banks on 26 May, 2021.

The generation component of the project is under procurement stage, whereas the transmission component progress is at 8% and is expected to be completed in August 2028.

2.7.2 TRANSMISSION PROJECTS

(a) Ongoing Projects

During the period under review the company had been implementing several power transmission projects detailed as follows:

i) Tanzania - Zambia Transmission Interconnector Project (TAZA)

This project aims at extending the 400kV transmission backbone in the South-Western parts of Tanzania to allow regional power trade between Southern African Power Pool (SAPP) and Eastern Africa Power Pool (EAPP) and to increase availability of reliable power to under-served areas in both countries. It consists of the following components:

1. Transmission Infrastructure (400kV) Extension with associated substations at Iringa, Kisada, Mbeya, Tunduma and Sumbawanga. The contracts for the Transmission line (Iringa- Sumbawanga) were signed on 27 July 2023. The project is expected to be completed in September 2025. For Substations, the contract is expected to be signed on 27 July 2023 and the project is expected to be completed in November 2025.

2. TANESCO Transmission System Readiness for Interconnection, and Corporate Commercial Management Improvements. This component includes;
    a) Transmission System Readiness for Interconnection:
    TANESCO is waiting for Bank No-Objection to the Technical Proposal Evaluation Report prior to continue opening the financial proposals. The consultant is expected be on board in October 2023.
    b) The Corporate Management System (CMS)
    The project is aimed at implementing a state of art Enterprise Resource Planning (ERP), and is being implemented in two phases by M/s Tech Mahindra. The estimated project cost is USD 31 Million equivalent to TZS 72,153 million financed by the World Bank under TAZA Project.

    Phase I which involves development of Finance, Legal, Human Resource and Procurement Modules is within the first year of the project implementation. This phase is at 81% completion as at August 2023 and expected to be completed in December 2023. Phase II which involves development of Billing, Transport, Customer Relation Management and Customer Contact Centre modules. This phase is at 16% completion as at August 2023 and is expected to be completed in August 2024.

3. Project Implementation Technical Support. This component involved the following activities;
    a) Feasibility Study which was completed in 2020;
    b) Preparation of Resettlement Action Plan (RAP) Report which was completed in 2022;
    c) Preparation of Birds and Bats Study Report was completed in 2022;
    d) The preparation of Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP), Resettlement Policy Framework (RPF) and other Safeguards Studies under the Uganda Tanzania Transmission Interconnector Project (UTIP) is in progress;
    e) Procurement of Works Contractors for Substations is in progress;
    f) Implementation of the Four Years Gender Work Program (FYGWP) is in progress under the assistance of Gender Individual Consultant. The FYGWP was launched on 30 March 2023;
    g) Implementation of RAP Report in line with the Laws of Tanzania (compensation payment) and the World Bank Operational Policy 4.12 is in progress under the assistance of Safeguards Individual Consultant;
    h) Procurement of Works Contractors, Consultants and Procurement Capacity Building is in progress under the assistance of Procurement Individual Consultant
    i) Management and Supervision of the implementation of Transmission Infrastructure will commence in September 2023.

4. Technical Assistance to EAPP
    The overall project cost for this component is estimated at USD 10 million equivalent to TZS 23,275 million. This component of the project is managed by East African Power Pool (EAPP), from which TANESCO is getting assistance to prepare the Technical Feasibility Study for UTIP Project. The project is expected to be completed in January, 2025.

ii) TANESCO Transmission Grid Rehabilitation and Upgrade Project (TTGRUP)

This project involves rehabilitation, expansion, reinforcement and upgrading of power grid transmission lines and substations. The objective of the project is to improve power supply reliability and quality to all TANESCO consumers connected to power grid which includes domestic - households, commercial, industrial and mining to a significantly accepted optimum point. The project also aims at improving social services to the entire country's population and thus alleviate poverty.

The overall estimated cost of the project is EUR 53 million equivalent to TZS 144,850 million financed by the Government of the United Republic of Tanzania through a concessional loan from the French Development Agency known as "Agence Française de Dévelopement" (AFD). The EPC Contracts signed in June 2022, the project overall progress is at 10.5% and is expected to be completed in August 2024.

iii) 400kV Julius Nyerere Power Evacuation Project

The project is intended to evacuate power from Julius Nyerere Hydropower Plant to the National Grid. The project has been divided into four (4) components, whereas two (2) components have already been commenced detailed as follows:

1. Construction of 160km, 400kV double circuit transmission line from Julius Nyerere Hydropower Plant to Chalinze at estimated cost of USD 51,493 million equivalents to TZS 118,433 million and local component of TZS 39,118 million. This portion is financed by the Government of Tanzania. As at the date of this report, the overall project progress is 99.5% and it is expected to be completed in February 2024.

2. Construction of 400/220/132/33kV 250 MVA Substation at Chalinze in Pwani Region at estimated cost of USD 42,540 equivalent to TZS 128,000 million and local component of TZS 29,863 million. As at the date of this report, the overall project progress is 88.34% and it is expected to be completed in March 2024.

iv) 400kV Nyakanazi-Kigoma Transmission Line Project

This project involves construction of 280 km of high voltage alternating current (HVAC) 400kV double circuit transmission line running from Nyakanazi to Kigoma in the North Western part of Tanzania, Construction of new 400/132/33kV substation in Kigoma (Kidahwe), Extension of 220/400kV Nyakanazi Substation, Integration of existing Kigoma/Kasulu 33 kV distribution networks (75km) to the main grid and Construction of 100km low voltage lines. The Project's overall cost is estimated at USD 186.93 million equivalent to TZS 435,083 million and will be co-financed by the Government of the United Republic of Tanzania at estimated cost of USD 18.54 Million (TZS 43,152 million), the African Development Bank (AfDB), (USD 123.39 million equivalent to TZS 287,193 million)) and EDCF of Korea (USD 45 Million equivalent to TZS 104,738 million). The procurement of EPC contractor for transmission line has been completed and the contractor is at site under implementation stage where by the overall progress stands at 72% and is expected to be completed in 13 January 2025. The Procurement of contractor for rural electrification components LOT 1 was completed and the contract was signed on 15 June 2023 however for LOT 2 is at final stages of signing the Contract. The procurement of EPC Contractor for substation is in progress whereby bid was re-advertised on 18 May 2023 and expected to be opened on 10 August 2023. The expected completion date of the entire project with all components is December 2026.

v) National Grid Stabilization (Grid Imara) Project

This project involves construction of 220kV & 132kV Transmission lines, 33kV Distribution lines, establishment of new substations, upgrade of existing substations and procurement of various tools and equipment for improvement of power supply and grid stabilization such as transformers, reactors, capacitors and telecommunication infrastructures. The project's overall estimated cost is USD 1,945.49 million equivalent to TZS 4,528,167 million.

The project implementation started in February 2023. The project is financed by the Government of Tanzania and to start with, a total of TZS 500,000 million was set aside for financial year 2022/23.

vi) 220kV Geita-Nyakanazi Power Transmission System Project (Rural Electrification)

This component involved construction of 220kV Geita-Nyakanazi Transmission line with a distance of 144km, extension of Geita Substation and construction of new 220/33kV, 2x40 MVA Nyakanazi substation and electrification of 32 villages along the transmission line from Nyakanazi to Kakonko.

The project cost is EURO 41.6 million equivalent to TZS 109,313 million co-financed by German Development Bank (KfW), French Development Agency (AFD), and European Union - Africa Infrastructure Trust Fund (EU-AITF).

Transmission line and substation components have been completed. The Rural Electrification Component is under implementation and has attained an overall progress of 97%. The project is expected to be completed in April 2024.

vii) 220kV Morogoro - Dodoma Transmission Line Project-SGR

The scope of this project involves construction of 414 km of 220kV transmission line from Morogoro to Dodoma. The project cost is estimated at USD 72.2 million equivalent to TZS 168,047 million financed by the Government of Tanzania. The project is implemented in two (2) lots, Lot 2-1: Morogoro-Ihumwa 237.6km and Lot 2-2: Ihumwa-Makutupora 176km whereby completion progress, is at 98.09% and 99%, respectively. This project is expected to be completed on February 2024.

viii) 132kV Tabora-Katavi Transmission Line Project

This project involves construction of 381km, 132kV Transmission Line from Tabora to Katavi (Nsimbo) via substations at Ipole, Inyonga and Mpanda. The overall project cost is estimated at TZS 164,300 million financed by the Government of the United Republic of Tanzania under Grid Stabilization Projects. Currently, the project implementation status is at 44% and is expected to be completed in June 2024.

ix) 132kV Tabora-Kigoma Transmission Line Project

This project involves construction of 395 km, 132kV Transmission Line from Tabora to Kigoma (Kidahwe) with associated substations at Urambo and Nguruka. The overall project cost is estimated at TZS 55,270 million expected to be financed through Government of Tanzania under Grid Stabilization Projects. Currently, the project implementation progress is at 10% and is expected to be completed in December 2024.

45 MVA Transformer - Makumbusho Substation Project

This project involves Design, Supply and Installation of 45MVA, 132/33kV Transformer and related switchgear and extension of 33kV busbar at Makumbusho Substation. The total project cost is estimated at USD 1.49 million equivalent to TZS 3,468 million and TZS 689 million implemented through the Company's internal sources of funds. The project is expected to be completed in February 2024.

x) 90MVA Transformer-Msamvu and 90MVA Transformer-Bulyanhulu Project

This project involves Design, Supply and Installation of 90MVA, 220/33kV Transformers at Msamvu Substation and 90MVA, 220/33kV Transformer at Bulyanhulu Substation. The total project cost is estimated at TZS 19,200 million implemented through the Company's internal sources of funds. The project is expected to be completed in March 2024 for Msamvu and March 2024 for Bulyanhulu projects respectively.

xi) 400kV North West Grid Power Transmission Line Project

This project involves construction of 400kV North West grid power transmission line project from Iringa to Nyakanazi through Mbeya, Tunduma, Sumbawanga, Mpanda and Kigoma. The project will be implemented in three phases, Phase I and Phase III are yet to be commenced.

Regarding Phase II, which is covering a portion from Nyakanazi - Kigoma (280km) is financed by AfDB for the transmission line component at estimated cost of USD 123.39 million equivalent to TZS 287,193 million. The Substation component is financed by EDCF of Korea at estimated cost of USD 45 million equivalent to TZS 104,738 million. The Government of the United Republic of Tanzania is financing compensation component at estimated cost of USD 18.54 million equivalent to TZS 43,152 million. The transmission line component is under implementation at the progress of 67% and is expected to be completed on December 2026.

xii) 400kV Electricity Transmission Line Project from Singida - Arusha - Namanga

The Project involves the construction of 400kV transmission line from Singida to Namanga. The implementation of the projects is in progress whereby, the construction of the transmission line has reached 96%, Substation 99% and electrification of villages 100% is under Defect Liabilty Period of twelve (12) months from July 2023. Currently, the overall project progress has reached 98% and is expected to be completed in May 2024.

(b) Completed Projects

As at 30 June 2023 the following Transmission Projects were reported to have been completed:

i) 90/120MVA Transformer-Ubungo Substation Project

This project involved Supply and Installation of 90/120MVA 132/33kV Transformer at Ubungo Substation. The total project cost was TZS 3,800 million implemented through the Company's internal sources of funds. The project was completed in 21 February 2023.

ii) 220kV Kingolwira - Msamvu Transmission Project

The project involved construction of 12km, 220kV Transmission line from Kingolwira to Msamvu and extension of line bay at Msamvu substation. The project cost was TZS 9,800 million financed by the company internal funds. The contract was signed on 4 March 2022 and completed in December 2022.

iii) 220kV Geita-Nyakanazi Power Transmission System Project

This involved construction of 220kV Geita-Nyakanazi Transmission line with a distance of 144km, extension of Geita Substation and construction of new 220/33kV, 2x40 MVA Nyakanazi substation and electrification of 32 villages along the transmission line from Nyakanazi to Kakonko.

The project cost was EURO 41.6 million equivalent to TZS 105,830 million co-financed by German Development Bank (KfW), Agence Francaise de Development (AFD), and European Union - Africa Infrastructure Trust Fund (EU-AITF).

The transmission line and substation components completed and are under Defect Liability Period.

iv) 220kV Rusumo-Nyakanazi Power Transmission Line Project

This project involves construction of 220 kV Rusumo-Nyakanazi Power Transmission Line which is 94km long. The project cost is USD 35 million equivalent to TZS 81,463 million financed by African Development Bank (AfDB). The project completed and is under Defect Liability Period of twenty four (24) months from April 2024.

v) 60MVA Transformer - Nyakato Substation Project

This project involves Design, Supply and Installation of 60MVA, 220/132/33kV Transformer at Nyakato Substation and its allied equipment. The total project cost is estimated at USD 2.7 million and TZS 6,284 million implemented through the Company's internal sources of funds. The project was completed in November 2023.

2.7.3 DISTRIBUTION PROJECTS

(a) Ongoing Projects

During the period under review, the company had been implementing several strategic distribution projects including the following;

i) Makambako Songea Customer Connection Project

The projects involve connection of the remaining 1,150 customers in Makambako Songea and 1,457 customers in Njombe region. The total estimated cost for the projects is TZS 490 million and 489 million respectively, the project is funded by the Government of United Republic of Tanzania and SIDA. The overall project progress is 93% completed and expected to be completed on February 2024.

ii) Construction of 2X33kV, 6km from 220/33kV, 2X50MVA Mpovu (Geita) substation to 33/11kV,2X40MVA GGM substation

This project entails the construction of two set of 2x33kV, 6km distribution line using concrete poles and 150mmsq conductor to- from 220/33kV, 2X50MVA Mpomvu (Geita) substation to 33/11kV,2X40MVA GGM substation in order to supply reliable power to Geita Gold Mine Ltd. The project will also supply two 33kV GIS panels at 220/33kV, 2X50MVA at Mpomvu substation.

The total cost for the project is estimated at TZS 5,000 million funded by the Government Republic of Tanzania. The project overall progress is 86% and is expected to be completed on April 2023.

iii) Nyamongo- Mugumu Project

The project involve construction of 6km 33kV Distribution line from Nyamongo substation to Mugumu town in Serengeti and construction of 33kV Switching station at Mugumu town in order to improve power reliability to Serengeti District.

The total estimated cost for the project is USD 1.1 million equivalent to TZS 2,560 million and TZS 4,084 million funded by the government of United Republic of Tanzania. The project overall progress is 24% and expected to be completed in April 2024.

iv) Mbande Project

The project involve construction of 33kV line from Zuzu Substation to Mbande village in Kongwa District and installation of 20MVA,33/33kV voltage regulator at Mbande and 15MVA,33/33kV voltage regulator in Misenyi District.

The total estimated cost for the project is USD 1.0 million and TZS 5,104 million funded by the government of Tanzania. The project overall progress is 38% and is expected to be completed in April 2024.

v) Lemuguru Project

The project involves construction of 208km 33kV distribution line from Lemuguru substation to existing distribution lines in order to relief some load from Njiro substation.

The total estimated cost for the project is USD 1.5 million equivalent to TZS 3,491 million and TZS 14,295 million funded by the government of Tanzania. The project overall cost is 8,4% and expected to be completed in February 2024.

2.7.4 FINANCIAL PERFORMANCE

During the year under review, the company earned a net Profit of TZS 9,614 million (30 June 2022: TZS 83,317 million). The total electricity revenue increased by TZS 111,721 million (6%) to TZS 1,932,801million. This increase is mainly attributable to the increase in revenue from new T1-General Use Tariff and T3-Industrial customers categories connected with electricity during the year.

In a bid to increase revenue, the company in collaboration with the Government has vigorously been implementing various strategic projects in order to deliver electricity in the most effective, competitive and sustainable manner.

Furthermore, in reviewing the performance of the company for the year under review, the following key Financial Indicators have been explored:

a) **Gross Profit Margin**
For the year under review, the company's gross loss is -0.41% which is lower compared to the previous year gross profit margin of 10%. This is due to an increase in generation costs.

b) **Operating Profit Margin**
For the year under review, the company's profit margin is 1.3% which is less by 11.7% compared to the previous year margin of 13%. This is due to decrease in operating income.

c) **Current ratio**
The current ratio for the year under review has decreased from 0.379:1 to 0.375:1 due to decrease in current liability as a result of loan conversion to equity and decrease in prepayment as the results of the receiving completion of the various works.

2.7.5 BUDGET PERFORMANCE INFORMATION

The company prepares its budget on annual basis for which an assessment is done to compare the actual performance against the budget. For the period under review, the company's actual performance is summarized in the following table 2:

Table 2: Budget Performance

	Actual (TZS 'million)	Budget (TZS 'million)	Variance (%)	Notes
Revenue				
Electricity Sales	1,932,801	1,984,918	-3%	A
Other Income	331,744	267,205	24%	B
Total Revenue	**2,264,545**	**2,252,123**	**1%**	
Expenditures				
Cost of Generation	1,090,695	1,020,359	-7%	C
Repair and Maintenance	117,258	121,507	3%	D
Administration Cost	664,519	572,405	-16%	E
Depreciation and Finance Cost	382,459	480,368	20%	F
Total Expenditures	**2,254,931**	**2,194,639**	**-3%**	
Profit	**9,614**	**57,484**		

Explanation of variance of the actual achievement against budget

Note A: The adverse variance of 3% was mainly attributable to scaling down power generation as a result of poor hydrology.

Note B: Increase in other income by 24% was due to increase in customer contribution on works orders, increase in amortization of deferred capital grants and gas sales by Songas

Note C: Increase in generation cost from hydropower plants is due low water inflow which necessitated utilization of expensive generation sources resulting to noted negative variance of -7%.

Note D: This item covers repairs and maintenance relating to the Grid system, Distribution, Administrative and ICT infrastructures. The noted positive variance of 3% was a result of cost control measures.

Note E: The noted negative variance was a result of the sale of the scrap below the targeted price and impairment of the transformer that catches fire.

Note F: The noted positive variance was a result of the company to reduce finance cost by getting approval from the Government to convert all loans to equity.

2.8. FUTURE DEVELOPMENT AND PERFORMANCE

The Company continuously undertakes various strategic measures in order to improve its performance. Among the measures include contemplating implementation of various future development projects in line with the Power System Master Plan (PSMP) lastly updated in 2020, and the Ten (10) Year CSP expected to commence in the financial year 2024/25. The envisaged prospective projects which are of short, medium and long term include:-

i) Ruhudji Hydro Power Project-358MW

This project involves construction of 358MW Hydro Power Plant at Ruhudji Water Falls along Ruhudji river in Njombe region. The project also involves construction of 400kV Transmission Line of 170Km to Kisada Substation in Iringa region. The Project's overall cost is estimated at USD 867.414 million equivalent to TZS 2,018,923 million for Power Plant and USD 53.2 equivalent to TZS 123,824123,824 million for Transmission line. Implementation of the project is expected to commence in July 2025 and to be completed in June 2030.

ii) Rumakali Hydro Power Project-222MW

This project involves construction of 222MW Hydro Power Plant at Rumakali Water Falls along Rumakali river in Njombe region. The project also involves construction of 220kV Transmission Line of 65Km to Mbeya Substation. The Project's overall cost is estimated at USD 613 million (TZS 1,426,769 million) for Power Plant and USD 32 million (TZS 74,481 million) for Transmission line. Implementation of the project is expected to commence in August 2025 and to be completed in July 2030.

iii) Kakono Hydro Power Project-87MW

This project involves construction of 87MW Hydro Power Plant at Kakono along Kagera river in Kagera region. The project also involves construction of 220kV Transmission Line of 38.5Km to Kyaka Substation. The Project's overall cost is estimated at USD 310 million (TZS 721,531 million) and will be co-financed by four (4) Development Partners namely, AfDB, AFD, EU and The Government of the United Republic of Tanzania. Implementation of the Project is expected to commencement in July 2024 and to be completed in February 2029.

iv) Kikonge Hydro Power Project-300MW

This project involves construction of 300MW Hydro Power Plant at Ruhuhu Water Falls along Ruhuhu river in Njombe region. The project also involves construction of 220kV Transmission Line of 53Km to Madaba Substation and Irrigation Infrastructures within the area. The Project's overall cost is estimated at USD 750 million (TZS 1,745,640 million). Implementation of the project is expected to commence in November 2022 and to be completed in December 2025.

v) Mtwara Combined Cycle Gas Power Plant-300MW

This project involves development and construction of 300MW CCGT Power plant, heavy duty with one (1) block comprising two (2) Gas Turbines, two (2) Heat Recovery Steam Generators and one (1) Steam Turbine (2x2x1) plant configuration which will be located at Kisiwa/Namgogoli area in Mtwara Region. The project also involves construction of 400kV Power transmission line from Mtwara to Somanga Fungu. The estimated cost for power plant is USD 661 million (TZS 1,538,491 million). The construction works are expected to commence in July 2024, and to be completed in June 2026.

vi) 350MW Renewable and 600MW Coal Power Generation Projects

This is a generation capacity expansion plan through private sector participation by implementing 950MW which includes 200MW of wind, 150MW of solar and 600MW of coal energy projects. This project will involve procurement of 350MW Renewable Large Power Generation and 600MW Coal Power.

vii) 150MW Solar Power Plant Project

This project will involve construction of 150MW Solar Power Plant at Kishapu District, Shinyanga Region. The project development cost is USD 112 million equivalent to TZS 260,682 million and will be implemented in two phases starting with 50MW at a cost of USD 43 million equivalent to TZS 100,083 million which will be financed by AFD. Currently, the finalization of procurement process for phase one (50MW) is underway and the request for no objection submitted to financier.

viii) 7MW Wind-Solar-Diesel Hybrid Power Plant Project

This project will involve construction of 7MW Wind-Solar-Diesel Hybrid Power Plant in Mafia Islands. The Final Feasibility Study report has been submitted to TANESCO. ESIA and RAP studies have been registered to NEMC for the purpose of acquiring ESIA Certificate. The cost associated with all Feasibility and ESIA studies is TZS 300 million.

ix) 400kV Transmission Line Somanga - Kinyerezi Project

The project will involve construction of 400kV transmission line of 198km long from Somanga to Kinyerezi. The project will also involve construction of a substation bay at Kinyerezi in order to evacuate power from the gas fired power plants at Somanga and Lindi as well as power evacuation from Julius Nyerere Hydro Power Plant and extending National Grid coverage to southern regions of Lindi and Mtwara. Amendment of contract for consultancy services to include Kibiti substation for JNHPP power evacuation is in progress. Payment of compensation of properties is in progress whereas the amount of TZS 61,350 Persons (PAPs).

x) 220kV Shinyanga-Simiyu Transmission Line Project

This project will involve construction of 220kV Transmission line of 110km long from Shinyanga to Simiyu and establishment of Grid substation in Simiyu Region at estimated price of TZS 75,000 million. The project will also involve extension of bay at Ibadakuli substation for the line. The project will be financed by the URT through TANESCO. The project is expected to start on September 2022 and will take 18 months to completion.

xi) Julius Nyerere Power Evacuation Project

The project is intended to evacuate power from Julius Nyerere Hydropower Plant to National Grid. The project has been divided into four (4) components, whereby two (2) components have already been commenced, and the other two (2) components are detailed as follows:

1. Construction of 438km, 400kV Double circuit transmission from Kinyerezi to Dodoma via Chalinze and Kinyerezi substation. The estimated project value is USD 274 million equivalent to TZS 637,740 million. The tender documents have been prepared awaiting for tender initiation.
2. Construction of 373km, 400km transmission line from JNHPP to Kinyerezi via Kibiti and Kibiti substation. This component has not yet started.

2.9. KEY STRENGTHS AND RESOURCES AVAILABLE TO THE BUSINESS

In pursuit of the company objectives, the key strengths and resources (both tangible and intangible) available are:

2.9.1 KEY STRENGTHS

(a) Leading Power Supplier
With fewer competitors, the company is assured of a large market share and readily available demand for energy produced.

(b) Availability of Power Infrastructure
Existing owned generation, transmission and distribution infrastructure give the company's business a competitive edge.

(c) Competent Personnel
Availability of experienced and youthful employees with observable and measurable knowledge, skills, abilities and good personal attributes contribute to organizational success.

(d) Clear internal Policies and Procedures
Existence of well outlined procedures and guidelines give guidance for decision making and streamline internal processes.

(e) Optic Fibre Technology
Existence of the technology enhances internal business processes.

(f) Wide Coverage of Power Network
TANESCO network has managed to cover, to a great extent, all Regions, Districts and a number of villages.

(g) Existence of Subsidiary Companies
TANESCO has three subsidiary companies in operation with potential of becoming profit making entities in a near future.

2.9.2 RESOURCES

(a) Human Resources
The most important singular resource of the Company is its human capital. The Company's operations are managed by competent and qualified management team who drive the day-to-day activities to achieve the Company's objectives. The management team is supported by committed and highly skilled employees who are well experienced. The Company employs qualified and competent personnel and also invests in their training.

(b) Market Position

The company is implementing strategic and tactical marketing plans for marketing Company's product and services in the most effective manner through marketing and sales innovations, marketing research, monitoring and evaluation, event marketing and promotions, Corporate and product brand management, service delivery innovations and connectivity strategies.

(c) Intellectual Resources

The company has a license to carry out all distribution, transmission and generation activities within the country. Further, under section 28 of the Electricity Act No. 10 of 2008 TANESCO has the power to disconnect the supply of electricity to a customer who is unlawfully connected to the electricity systems or is in breach of his contractual obligation in respect of electricity supply.

(d) Social and Relationship Resources

The company's social and relationship capital is based on interactions with customers, suppliers, communities and the public in general. The company contributes in many ways towards development, including enabling economic growth through the supply of reliable electricity, constantly electrifying new households in company's licensed areas of supply, job creation, skills development as well as improving the lives of many citizens through the company corporate social investment (CSI) and socio-economic development activities. Strong stakeholder relationships are critical to the company ability to create value and therefore one of the main areas of focus is restoring trust of the company's stakeholders.

2.10. STATEMENT OF SERVICE PERFORMANCE INFORMATION

The company generates electricity by transforming inputs from the natural environment (water, natural gas and liquid fuels) using different power generating plants. Together with power generated by the company, private power producers (IPPs and SPPs) also add the power capacity by selling their electricity to the company. The available electricity is supplied to a wide range of customers, thereby supporting national economic growth and improving the living standard of the people.

The key performance objective of the company is the delivery of electricity to its customers in the most effective and efficient way. The company has a number of customers to whom service is provided ranging from manufacturing industries, commercial, domestic and small power users.

To assess whether the company has achieved its performance objective, the company reviews its planned operational performance by comparing actual performance against the budgeted during the year. The operational performance of the Company during the year under review is summarized in the table as follows:

Operational Performance

Activities	Plan 30 June 2023	Actual 30 June 2023	Actual 30 June 2022	Percentage change against Plan	Notes
Service lines completed during the year	400,000	536,952	504,366	34%	A
Number of pending service line applications	-	15,736	37,383	N/A	
Units sold during the year (GWh)	8,434	8,184	7,735	-3%	B
Additional 33kV and 11kVlines during the period/year (km)	3,152	5,667	3,060	80%	C
Total length of 33kV and 11kV distribution lines completed during the period/ year (km)	66,188	68,076	63,036	3%	C
Total length of low voltage lines by the end of the period/year (km)	101,367	101,120	96,540	-0.2%	C
Distribution transformers installed during the period/year	2,825	3,028	1,807	7%	D
Total number distribution transformers by the end the period/ year	31,070	31,273	28,245	0.7%	D
Total number of customers by the end of the period/year	4,263,118	4,400,070	3,863,118	3%	E
Total number of permanent staff	9,261	6,725	7,065	-27%	F
Customer/staff ratio	460	655	536	42%	G

Explanation on major variation of the actual achievement against plan

Note A: The plan was to construct 400,000 Service Lines in accordance to the Company Business Plan. The number of actual constructed service lines stands at 536,952 being 34% more than what was estimated to be constructed. The following are the reasons for the variation:

(i) Enhancement of customer service delivery (Nikonekt)
(ii) Strategic sourcing on Distribution materials

Note B: The decrease in unit sold is due to scaling down power generation as a result of poor hydrology.

Note C: The increase is attributed to completion of TANESCO distribution projects and REA projects.

Note D: The increase is attributed to completion of TANESCO distribution projects and REA projects.

Note E: The increased in number of consumers is a result of enhancement of customer service delivery (Nikonekt system), strategic sourcing for distribution material and completion of REA projects.

Note F: The reduction is due to delays in employment to replace the additional staff planned to be recruited during the year (Await approval from the Government) and retired, deceased and those dismissed for disciplinary grounds.

Note G: The increase is based on the fact that there have been significant increase customers while the number of employees has been reduced as noted above.

2.11. TANESCO OPERATING MODEL

The Company's operating model is the system of transforming inputs, through its operating activities into outputs and outcomes that aims to fulfil TANESCO's Interim and Corporate Strategic objectives.

(a) Inputs
The company uses its combined available human, social, financial and intellectual resources to ensure the mission and vision of the company are met.

(b) Operating Activities
In addressing this, the company through its ICSP and CSP has continue to make investments in Strategic projects that involve generation, construction of various transmission and distribution infrastructures which will enable the provision of electricity at lower cost in order to meet its growing power demand.

(c) Outputs & Outcome
The desired outcome includes increased customer connections and also increase customer satisfaction.

2.12. COMPANY'S OBJECTIVES AND STRATEGIES

In order to achieve its goals and aspirations, the Company through its Corporate Strategic Plan (SCP) has outlined eight (8) strategic objectives, as briefed below:

(a) Strengthen Customer Focus
TANESCO will implement various strategic initiatives to drive excellent customer service and stronger relationship with customers. TANESCO recognises that customers are a critical stakeholder group. Achieving the organisation's Vision will require targeted efforts in understanding and meeting the needs and expectations of the customers. Diverse range of strategies including improving communication channels, providing more responsive customer service, and offering innovative and customized products and services that will position TANESCO as a customer-focused organization.

(b) Enhance Operational Efficiency
Ensuring effective use of resources for maximum output is a paramount objective for an organization such as TANESCO. Implementing a multifaceted approach to attain operational efficiency is at the core of TANESCO's next 10 year CSP. Key strategies to

achieve this objective will include fixing processes, rectifying procurement inefficiencies, focusing on infrastructure reliability, refining corporate governance and effective utilisation of the subsidiaries and shareholding companies for maximum results.

(c) Accelerate Digital Transformation

Over the next 10 years, TANESCO will deploy technology to transform the business model. This will involve implementing a diverse range of Operational Technology (OT) and Information Technology (IT) to enable operational efficiency, improve customer experience, achieve grid stability and reliability, and adopt technology for Future Business Models, advanced analytics, and Artificial intelligence (AI).

(d) Improve Financial Sustainability

Financial wellbeing of a company is critical in ensuring going concern and availability of cash and liquid assets to continue functioning in its day to day operations. TANESCO has identified strategic initiatives to establish a solid financial foundation that will enable the organisation to operate efficiently, meet financial obligations, and ensure the long term viability of operations. By achieving financial sustainability, TANESCO can ensure stability, improve operational performance, attract investment, maintain creditworthiness, and continue to provide reliable and affordable electricity services to the customers while contributing to the economic development of Tanzania.

(e) Foster a Skilled Workforce, Coherent Culture and Change Management

TANESCO recognises its people as a critical asset of the organisation. Currently the organisation is going through a transition in various aspects for improved efficiency and streamlining the operational model. TANESCO believes that the right culture is paramount if the organisation is to achieve the desired strategic vision. To succeed in maintaining a strong, culturally aligned, and capable workforce, TANESCO will implement initiatives to build a skilled workforce that is composed of employees with the necessary skills to execute their responsibilities, ability to manage disruption from change and collective orientation towards the Vision and Mission of the organisation.

(f) Embrace ESG Practices

ESG considerations are critical for power utilities as they help to manage risks, create value for stakeholders, and operate sustainably in the long term. By addressing Environmental, Social and Governance factors, TANESCO will enhance its reputation, attract investment, and contribute to the transition towards a low-carbon economy. ESG is especially crucial for public utilities like TANESCO, which are accountable to the government and consumers for providing dependable and affordable electrical services for the country. TANESCO will improve operations, increase social and environmental impact, and generate long-term value for all stakeholders by implementing ESG initiatives. TANESCO will contribute to Tanzania's economic progress while protecting the well-being of its people and the environment by prioritising sustainability and ethical business practices.

(g) Future Proof the Business

Futureproofing is creating the conditions for the business to thrive, even when situations are not ideal or when the unexpected happens. It considers the long-term well-being of the company and promotes success for years to come. When a company is prepared for the future, it is ready to innovate and adapt at any turn. It can pursue successes despite changes in competition, industry volatility or major worldwide shifts. With the rise in innovation, particularly in the digital realm, comes the demand for a change in structure and organisation. TANESCO has realized that willingness to change, learn and adapt on every level is the foundation of futureproofing the business. In that regard, TANESCO has identified key initiatives to direct efforts towards a thriving business.

(h) Drive Realisation of the Power System Master Plan (PSMP)
Acknowledging the efforts put in designing the country's power system vision, TANESCO is committed to steering successful attainment of the desired outlook. TANESCO will spearhead effective and timely implementation of projects stated in the PSMP, resulting in improved service delivery, increased generation, improved transmission and strengthened distribution capacity for sustainable energy solutions for the country.

2.13. EXTERNAL FACTORS INFLUENCING THE BUSINESS

The Company operations are influenced by a number of external factors which include the following:

(a) Emerging Competition
Availability of natural gas and other power generation sources in the country have led to some industrial and other customers opting to have self-power generation (captive power).

As a mitigating measure to address this threat, the company has continued investing in various projects for the purpose of improving customer service delivery and hence retaining and attracting more customers.

(b) Legal and Regulatory Environment
The company business operations may be influenced by legal and regulatory requirements, non-compliance of which, may lead to imposition of penalties and fines by legal and regulatory bodies.

As a mitigating measure, the company has been keen to identify potential risks related to legal and regulatory requirements and ensure compliance.

(c) Changes in Technology
Changes in technology may have adverse effects on the company business operations. These changes have influenced the ways in which the company delivers its services to customers. The Company has been compelled to invest in technology in order to provide efficient and user-friendly experience to customers in their dealings with the Company.

(d) Environmental Changes
Environmental changes have a significant influence in the Company's business operations. As far as the company business is concerned, hydrological change has been

affecting the ability to generate power by using hydro power plants, thus causing the Company to use relatively expensive facilities to generate power (gas and fuel).

During the period under review, there was a noticeably unfavorable hydrology condition which adversely affected generation through Hydro power.

(e) Micro and Macro Economic Conditions
The company's business is influenced by various macro and micro-economic conditions such as changes in GDP, inflation rates, interest rates and foreign exchange rates.

As a result of initiatives undertaken by the Government on its fiscal and monetary policies in a bid to encourage industrialization, during the period under review, micro and macro-economic conditions have generally had a positive impact on the Company's business as more new customers were connected.

2.14. KEY MANAGEMENT PERSONNEL

The key management personnel who served during the year under review, are as follows:

S/N	Name	Position
1	Eng Gissima Nyamo-Hanga	Managing Director
2	Mr. Maharage Chande	Managing Director - Outgoing September 2023
3	Eng. Decklan P. Mhaiki	Ag. Deputy Managing Director - Planning, Research and Investment
4	Eng. Pakaya D. Mtamakaya	Deputy Managing Director - Generation
5	Eng. Abubakar K. Issa	Deputy Managing Director - Transmission
6	Eng. Athanasius H. Nangali	Deputy Managing Director - Distribution
7	CPA Renata C. Ndege	Director Finance
8	Mr. Francis N.Sangunaa	Ag Director of Human Resources and Administration
9	Eng. Cliff N. Maregeli	Director - ICT & Statistics
10	Mr. Rehema O. Shabani	Director - Procurement Management
11	CPA Buyamba N. Buyamba	Director Internal Audit
12	Adv. Zaharani M. Kisilwa	Director Legal Services
13	Nector-Reen H. Pandaeli	Director Communication and Corporate Affairs
14	CPA Hammerson Kibona	Manager Risk Management and Compliance
15	Adv. Lenin B.Kiobya	Ag Manager Security services
16	Mr. Martin S.Mwambene	Ag. Director of Customer Experience
17	Mr. Tluway Q. Sappa	Manager Environment Sanitation and Governance

2.15. CORPORATE GOVERNANCE

2.15.1. Code of Corporate Practice and Conduct

TANESCO is committed to the principles of good corporate governance and the Board is of the opinion that the Company currently complies with the principles.

2.15.2. Membership and Composition of Those Charged with Governance

As of 30 June 2023, TANESCO Board of Directors comprised eight members, all of them were Non-executive Directors. The Chairman of the Board is appointed by the President of the United Republic of Tanzania, while other members are appointed by the Minister of Energy. At the date of signing, Memberships of all members served on the Board of Directors in the year ended 30 June 2023 had been terminated. Following this, on 19 December 2023, Dr. Rhimo S. Nyansaho was appointed as the new Chairman of the TANESCO Board by the President of the United Republic of Tanzania.

The names and particulars of directors of the Company who have served during the year,:

S/N	Name	Position	Age	Qualification/ Discipline	Nationality	Gender	Date of Resignation
1.	Mr. Omari Issa	Chairman	76	Masters of Business Administration (Columbia University New York)	Tanzanian	Male	23 September 2023
2.	Amb. Mwanaidi S. Maajar	Member	69	Masters of Laws International Trade and Commercial Law (University of Dar es Salaam)	Tanzanian	Female	19 December 2023
3.	Mr. Abubakar Bakhresa	Member	47	BSc (Business Administration) (George Town university)	Tanzanian	Male	19 December 2023
4.	Eng. Abdallah Hashim	Member	53	BSc. Engineering Meng (Maintenance Management)	Tanzanian	Male	19 December 2023
5.	Mr. Christopher Gachuma	Member	77	Businessman	Tanzanian	Male	19 December 2023
6.	Eng. Cosmas Masawe	Member	70	MSc. (Hydraulic Engineering); U.K.	Tanzanian	Male	19 December 2023
7.	CPA. Leonard Mususa	Member	69	FCCA/FCPA(T)	Tanzanian	Male	19 December 2023
8.	Mr. Nehemia Mchechu	Member	50	Bcom (Finance) (University of Dar es Salaam)	Tanzanian	Male	10 March 2023
9.	CPA. Zawadia Nanyaro	Member	49	CPA(T); MBA (University of Dar es Salaam)	Tanzanian	Female	19 December 2023
10.	CPA. Esther Kitoka	Member	52	CPA(T); M. Com-Banking and Business Information System	Tanzanian	Female	26 January 2023

The names and particulars of directors of the Company newly appointed and adopted financial statements;

S/N	Name	Position	Age	Qualification/ Discipline	Nationality	Gender	Date of Appointment
1.	Dr. Rhimo S. Nyansaho	Chairman	39	Doctorate Degree in Business Economic- Paris Business School (France)	Tanzanian	Male	19 December, 2023
2.	Prof. Idris S. Kikula	Member	72	PhD. (Griffish University Australia	Tanzanian	Male	18 March, 2024
3.	Sr. Dr. Hellen A. Bandiho	Member	70	Doctorate of Education, Pittsburgh, PA, USA	Tanzanian	Female	18 March, 2024
4.	Eng. Isaac A. Chanji	Member	61	MSc. In Electrical Engineering, Energy Conversion, (Power and Transmission) George Washington University USA	Tanzanian	Male	18 March, 2024
5.	Amb. Zuhura A. Bundala	Member	66	Masters of International Law - Australian National University - Bachelor of Arts	Tanzanian	Female	18 March, 2024
6.	Adv. Grace P. Joachim	Member	38	LLM in International Commercial Law - University of Kent, Canterbury - UK	Tanzanian	Female	18 March, 2024
7.	Dr. Lucy Mary Mboma	Member	70	Strathclyde University, Glasgow Scotland, UK	Tanzanian	Female	18 March, 2024
8.	Mr. Boma O. Raballa	Member	41	Masters of Business Administration (MBA) Corporate Management, (40years)	Tanzanian	Female	18 March, 2024

2.15.3. Roles and Responsibilities

The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of Company business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and that the Company complies with sound corporate governance principles.

The Board is required to meet at least four (4) times a year and has delegated the day-to-day management of the business to the Managing Director assisted by Executive Management Team (EMT) members. The EMT members are from time to time invited to attend Board meetings in order to facilitate the effective control of Company's operational activities, since they act as a medium of communication and coordination with the various business units.

The Board takes accountability for the performance of the Company. In so doing, the Board supports the Company in setting the purpose and achieving its strategic objectives. The Board continuously monitors the macro environment, risks, opportunities and stakeholder needs, which inform the Company's strategy.

The independence of the Board is achieved and maintained through a number of measures, including but not limited to clear separation of the positions of the Managing Director and that of the Chairperson and ensuring that board committees are all chaired by non-Executive Directors.

The Company is committed to the principles of effective corporate governance. The directors also recognize the three pillars of Governance namely; integrity, transparency and accountability.

2.15.4. Meetings of Those Charged with Governance

The following table shows the number of Board and Committee meetings held during the year 2022/23 and the by Directors;

S/N	Name	Board (8)	FIOC (9)	GHRC (4)	ARC (5)	CSC (3)
1.	Mr. Omari Issa	8	N/A	N/A	N/A	N/A
2.	Amb. Mwanaidi S. Maajar	5	N/A	N/A	N/A	N/A
3.	Mr. Abubakar Bakhresa	6	N/A	N/A	N/A	3
4.	Eng. Abdallah Hashim	8	N/A	N/A	5	3
5.	Mr. Christopher Gachuma	2	N/A	1	N/A	1
6.	Eng. Cosmas Masawe	8	9	1	5	N/A
7.	CPA. Leonard Mususa	8	9	N/A	N/A	N/A
8.	Mr. Nehemia Mchechu	3	2	1	N/A	N/A
9.	CPA. Zawadia Nanyaro	8	N/A	N/A	5	N/A
10.	CPA. Esther Kitoka	2	2	1	N/A	N/A

During the year under review, the Board of Directors held a total of eight (8) meetings whereby three (3) were Ordinary Meetings and five (5) were Special Meetings. The three (3) ordinary meetings deliberated on matters in relation to company's operations and performance.

The Special Meetings deliberated on among other things; Consolidated and Separate Audited Financial statements, Implementation Plan for TZS 500,000 million issued by the Government and TZS 313,100 million secured through commercial loan, increase Company Authorized share capital Budget review for the FY 2022/23, Procurement of SGT 800 (450MW) and LM 2500 to increase baseload and Request to write-off staff receivables.

2.15.5. Committees of Those Charged with Governance

To assist the Board of Directors in discharging their duties and responsibilities, specific responsibilities have been allocated to the Board Committees, each of which has specific Terms of Reference. The Terms of Reference provide details relating to composition of the Committees, duties and responsibilities, and their scope of authority.

During the year under review, Board committees held a total of 21 meetings, of which 12 were ordinary and 9 were special meetings. The committees' members and meetings are as detailed below;

(a) Governance and Human Resources Committee (GHRC)

The GHRC is responsible for overseeing all aspects pertaining to Corporate Governance and Human Resources within the organization. This committee reports directly to the Board of Directors. As of 30 June 2023, the following served as Members of the GHRC Committee;

S/N	Name	Position	Qualification/ Discipline	Date of Joining	Date of Resignation
1.	Mr. Nehemiah K. Mchechu	Chairman	Bcom (Finance) (University of Dar es Salaam)	25 Sept.2021	10 March 2023
2.	Amb. Mwanaidi S. Maajar	Member /Chairperson	Masters of Laws International Trade and Commercial Law (University of Dar es Salaam)	25 Sept.2021	19 December 2023
3.	Mr. Christopher M. Gachuma	Member	Businessman	25 Sept.2021	26 January 2023
4.	Ms. Esther Kitoka	Member	CPA(T); M. Com-Banking and Business Information System	15 May, 2023	19 December 2023

During the year under review, the Committee conducted three (3) ordinary meetings whereby the following issues were discussed; the 4th quarter reports of the year 2021/22; 1st and 2nd Quarter Reports for the FY 2022/23 from the following Directorates; Human Resources and Administration, Information and Technology, Legal Service, Procurement Management, Security Services and Communication & Corporate Affairs.

In addition to the above, the Committee conducted one (1) special meeting to deliberate on Implementation of Scheme of Service; Implementation of Early Retirement Program; Implementation of Organization Structure; Implementation of Proposed Scheme of Service and Implementation of Incentive Scheme.

(b) Finance, Investment and Operations Committee (FIOC)

The Finance, Investment and Operations Committee deals with all matters relating to financial management, investment, planning and affairs of the core operations of the Company, that is Generation, Transmission and Distribution of electricity. The Committee reports to the Board of Directors of the Company.

The following were the members of the Finance, Investment and Operations Committee (FIOC) from 1 July 2022 to 10 March 2023;

S/N	Name	Position	Qualification/Discipline	Date of resignation
1.	CPA Leonard C Mususa	Chairman	FCCA/FCPA(T)	19 December 2023
2.	Eng. Cosmas L.M. Masawe	Member	MSc. (Hydraulic Engineering); U.K.	19 December 2023
3.	Mr. Nehemia K. Mchechu	Member	Bcom (Finance) (University of Dar es Salaam)	19 December 2023

After resignation of Mr. Nehemiah K. Mchechu and appointment of CPA Esther Kitoka on 10 May 2023, currently, the Committee comprise of the following Members.

S/N	Name	Position	Qualification/Discipline	Date of resignation
1.	CPA Leonard C Mususa	Chairman	FCCA/FCPA(T)	19 December 2023
2.	Eng. Cosmas L.M. Masawe	Member	MSc. (Hydraulic Engineering); U.K.	19 December 2023
3.	CPA. Esther Kitoka	Member	CPA(T); M.Com-Banking and Business Information System	26 January 2023

During the period under review, the FIOC conducted three (3) ordinary meetings. In referred meetings the FIOC deliberated on the 4th Quarter report of the year 2021/2022 and 1st & 2nd Quarter reports of the year 2022/2023 from the following Directorates Finance, Generation, Transmission, Distribution and Investments.

Additionally, the Committee held six (6) Special Meetings whereby among other things the following issues were discussed; Implementation Plan for TZS 500billion issued by the Government and TZS 313 secured through commercial loan; Increase Company Authorized share capital; Budget review for the FY 2022/23; Procurement of SGT 800 (450MW) and LM 2500 to increase baseload; Request to write-off staff receivables; Corporate Budget for the FY 2023/24; Revised Annual Procurement Plan for the FY 2022/23; and PCN & MoUs between TANESCO and various Developers.

(c) Audit and Risk Committee (ARC)

The Committee is vested with the duty of overseeing the general functions on matters related to Internal Audit and Risk and Compliance. The committee is also vested with all governance matters related to External Audit of the Company. The AC reports to the Board of Directors of the Company. During the period under review (1 July 2022 - 30 June 2023) the composition remained the same as described herein below;

S/N	Name	Position	Qualification/ Discipline	Date of resignation
1.	CPA Zawadia Nanyaro	Chairperson	CPA(T); MBA (University of Dar es Salaam)	19 December 2023
2.	Eng. Abdallah Hashim	Member	BSc. Engineering Meng (Maintenance Management)	19 December 2023
3.	Eng. Cosmas Masawe	Member	MSc. (Master of Hydraulic Engineering), UK	19 December 2023

During the period under review, the Committee conducted three (3) ordinary meetings which deliberated on the 4^{th} quarter reports for the FY 2021/22; 1^{st} &, 2^{nd} quarter reports from the Directorate of Internal Audit and Risk Management and Compliance Unit.

Also, the Committee conducted two special meetings to deliberate on the following Agenda items; TANESCO Overall Audit Strategy; Draft Financial Statements for the FY 2021/22 and Consolidate and Separate Audited Financial Statement for the FY 2021/22.

(d) Customer Service Committee (CSC)

The Committee overall duty is to advise the Board in all issues relating to the needs and priorities of the Customers to ensure that high quality and effective services are provided to the satisfaction of the Customers.

During the period under review, the Committee conducted three (3) ordinary meetings which deliberated on the 4^{th} quarter reports for the FY 2021/22; 1^{st} &, 2^{nd} quarter reports from Customer Experience and Care Directorate.

The following were the Members of the Customer Service Committee from 1 July to 26 January 2023;

S/N	Name	Position	Qualification/ Discipline	Date of resignation
1.	Eng. Abdallah Hashim	Chairman	BSc. Engineering Meng (Maintenance Management)	19 December 2023
2.	Mr. Abubakar Bakhresa	Member	BSc (Business Administration) (George Town University)	19 December 2023
3.	Mr. Christopher M. Gachuma	Member	Businessman	26 January 2023

2.15.6. DIRECTORS AND EMT MEMBERS' REMUNERATION

Remuneration of the Company Directors is in accordance with the Treasury Registrar Circular No. 1 of 2020 which details all remuneration entitlements. The remuneration entitlements include Directors Fees and Traveling Allowances within the country and outside the country.

On the other hand, EMT members are remunerated in accordance with the company Human Resource Policy which details all remuneration entitlements. The remuneration entitlements include Emoluments and Traveling Allowances within the country and outside the country.

2.16. COMPANY'S CAPITAL STRUCTURE

The Company capital structure for the year is as shown below.

SHARE CAPITAL	30 June 2023 TZS 'million	30 June 2022 TZS 'million
Authorised: Ordinary Shares		
320,000,000,000 ordinary shares of TZS 20 each	6,400,000	6,400,000
Issued and fully paid:		
197,904,793,725 ordinary shares of TZS 20 each	3,958,096	1,131,368

The Government of Tanzania owns all the issued and fully paid shares.

ADVANCE TOWARDS SHARE CAPITAL	30 June 2023 TZS 'million	30 June 2022 TZS 'million
At start of year	602,396	426,572
Transferred to Share Capital	(425,625)	
Cash paid direct to contractor	-	299
Recognition of Symbion Power Plant from MEM	-	175,525
Transferred to Grants	(175,525)	
At end of year/period	**1,246**	**602,396**

Advances toward share capital represent capital contributions received from the Government, and the reserves from the fair value of interest free loans.

2.17. COMPANY'S TREASURY POLICIES AND OBJECTIVES

TANESCO maintains a Treasury Policy which entails procedures to be adhered during opening of bank accounts, closing and maintenance, cash handling procedures, selecting and introducing signatories in approving wire cash/funds transfers and cheque payments, short term investments of surplus cash, approving short term financing of deficit, forex exchange exposure and related risk management.

The objective of the policy is to ensure that company's cash, investments and other cash related assets are adequately managed, controlled and safeguarded. Adherence to the policy and control procedures also ensures that a TANESCO's foreign exchange and other exposures are effectively managed.

During the period under review, the company's treasury policy was adhered to and thus there was no potential effect occurred.

However, the major financing transactions undertaken up to date are:

- Interest bearing term loans of TZS 11,122 million from TIB Development Bank Limited. The loan was acquired purposely for financing the cost of resettlement action plan including compensation costs.
- The letter of credit/post import loan facilities of USD 140 million from NMB and CRDB for purchasing and importation of equipment and materials for generation, rehabilitation and expansion of substations and transmission lines.

The effect of financing costs on the results for the year was a net charge of TZS 15,810 million (2022: TZS 57,605 million). This comprises of interest on Bank overdraft, Loan interest and TIB Facility interest.

2.18. COMPANY RELATIONSHIPS

TANESCO has diverse stakeholders with different interests in the Company and her operations. It is the responsibility of Management to ensure that it has a well-crafted communication and stakeholder's management strategy and plan. This will ensure that all stakeholders are kept abreast with plans and projects that will improve the situation of power availability and reliability in their areas and more so the service to the consumers. Due to the significant impact of stakeholder relationships of the business, the company aims to collaborate with communities for the benefit of all. The company reputation with stakeholders is strongly influenced by the level of trust.

For the period under review, the Company had relationships with the following stakeholders:

(a) Customers

The company has been strengthening relationships with customers through establishment of different channels of service delivery such as TANESCO App, Nikonekt, Unified call center and other social media networks. These channels enhance service delivery to customers.

During the year under review, the Company also conducted regular meetings with both large power users and normal customers through public meetings as part of awareness campaign covering Company's products and services, energy efficiency and safety issues.

(b) Service Providers and Contractors

The company has been maintaining good relationship with its Service Providers and Contractors in order to continue supporting its business continuity. This is done through regular communications with suppliers and timely payment of their due invoices.

(c) Regulatory Bodies

The company business activities are regulated by a couple of regulatory bodies. During the period under review, the company maintained good relationship with the bodies through regular communications and throughout remained compliant to rules and regulations.

(d) Government

During the period under review, the company continued to maintain good relationship with the Government. Through such relationship the company has been receiving vast support from the Government including financing strategic projects and grant on rural electrification through REA.

On the other hand, the company continued to timely pay taxes and levies to the Government.

(e) Employees

There was a continued positive relation between employees and Tanzania Union of Industrial and Commercial Workers (TUICO) and Management during the year. There was no industrial unrest reported apart from disciplinary cases to employees engaged in unethical behaviors.

The Company also continued to give equal access to employment opportunities to both males and females free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability that does not impair ability to discharge duties.

Additionally, the Company has made efforts to ensure that Occupational Health and Safety are maintained and adhered to by all employees. Furthermore, the Company invested in its employees through provision of trainings and medical assistance.

(f) Lenders

The key to sustainability of a business is funding provided to the company by lenders. During the period under review, the company has maintained a positive relationship with lenders by paying the loaned amounts timely and adhering to the loan covenants.

(g) Local Communities

The company plays a critical role in skills development and economic empowerment to transform local communities by investing in community education, health and developmental projects. The rollout of Government's electrification programs still forms the company's most direct contribution in transforming societies.

2.19. SHAREHOLDERS OF THE COMPANY

The Company is 100% owned by the Government of the United Republic of Tanzania. As at 30 June, 2023 issued and paid up Ordinary Shares were 197,904,793,725 valued at TZS 3,958,096 million.

2.20. MANAGEMENT OF THE COMPANY

The Management of the Company is entrusted to the Executive Management Team (EMT) which is headed by the Managing Director who reports to the Board of Directors. The company's operations are divided into the following business units: Generation, Transmission, Distribution and Customer Services, Investment, Finance, Information Communications Technology, Human Resource & Administration, Procurement, Legal Services, Communication & Stakeholders Engagement, Compliance & Risk Management, Security and Customer Experience. There is also an independent unit of Internal Audit, which administratively reports to Managing Director and functionally to the Audit and Risk Committee.

2.21. KEY PERFORMANCE INDICATORS

Performance measurement categories are distributed in five parts which are; People Management, Customer Service, Good Governance and Control, Core function of the Institution and Financial Performance.

(a) Peoples Management
This criterion measures the efficiency of various Human Resource Management practices towards enhancing organizational productivity and sustainability. It covers aspects such as human capital utilization, human capital development, Performance management systems, employee welfare, promotion of conducive working environment, care & fight of HIV/AIDS, and non-communicable disease.

(b) Customer Service
This criterion measures the capacity of the institution to provide quality and innovative services to its customers. Key parameters of interest including connectivity rate, efficiency in service delivery, patient satisfaction, service automation, and efficiency in complaints handling.

(c) Core Functions of Institutional Mandates
This criterion measures performance in the implementation of the core mandate of an institution. Specific variables for this indicator include but are not limited to efficiency in managing Company's core functions, i.e. generation, transmission and distribution of electricity power.

(d) Financial Performance
This criterion measures compliance with financial Regulations, Circulars, Standards, and Best Practices. It measures how an entity ensures profitability, control costs, generates a return to shareholders, attracts future investments & customers, and manages financial risks.

(e) Good Governance and Control
This criterion measures the adherence to Good Governance, Accountability principles and practices by an Institution. It covers several parameters of governance and accountability, including anti-corruption measures, Board efficiency and effectiveness, risk management and controls, and compliance with laws and regulations.

2.22. INVESTMENTS

During the year under review, the company maintained its investments of 100% in 3 subsidiary companies namely; Tanzania Geothermal Development Company Limited (TGDC), Electrical Transmission and Distribution and Maintenance Company Limited (ETDCO) and Tanzania Concrete Poles Manufacturing Company Limited (TCPM). Furthermore, the company hold 40% share of investment in associate from Shanghai Electric Power Company limited (SPEC). The company also maintained investments in Songas Ltd and East African Cables Ltd with shareholdings of 9.56% and 10% respectively.

2.23. DIVIDEND

Despite the fact that, during the prior year the company recorded a profit of TZS 83,317 million. However, the Board of Directors could not declare payment of dividend and proposing that profit be retained to absorb accumulated losses and support investments. Nevertheless, the Company contributed TZS 2,200 million to the Government (owner). The contributed amount during the period is higher by TZS 162 million (2021/22: TZS 2,038 million).

2.24. CASHFLOWS

The Company generates cash through sales of electricity, receipt of grants and loans from URT, Development Partners and lenders such as WB, JICA, AfDB and ADB. The company also receives cash from connection of service lines to customers, interest on overdue electricity bills and other sources.

During the year, the company's cash inflows were mainly from sales of electricity amounting TZS 1,932,801 million, proceeds from grants amounting TZS 2,080,452 million and proceed from loan amounting to TZS 8,465 million.

On the other hand, the Company's main cash outflows result from purchases of gas and energy, fuel, line materials, repair & Maintenance costs, payroll costs and other expenses.

During the period, the company's main cash outflows results from additions to Capital Work in Progress amounting to TZS 2,311,764 million, loan repayment amounting to TZS 51,418 million and acquisition of subsidiary amounting to TZS 10,618 million.

The Company's projections indicate that sufficient positive cash flows will be generated from the Company's operating activities to meet its operational costs. To fund growth and meet long-term known or probable cash requirements such as the capital commitments stated in Note 37 the company will continue to receive support from the Government and borrowings from various tenders.

2.25. LIQUIDITY

The Company places a strong emphasis on managing liquidity risk and daily cash flows to ensure the company holds sufficient liquid assets to enable it to continue with its normal operations. The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company also has lines of credit that it can access to meet liquidity needs. Net liquid assets consist of cash, inventories, asset held for sale, trade and other receivables, prepayments, withholding tax recoverable, and tax Asset.

There is no any restriction on the ability to transfer funds from a parent or its subsidiary to meet the obligations of another part of the group.

(a) Funding approach

The Company major sources of funding are sales of electricity, receipt of grants and loans from URT, Development Partners and lenders such as WB, EIB, EU, JICA, AfDB, ADB, and local banks. The Group maintain a diversified and stable funding base comprising cash from connection of service lines to customers, interest on overdue electricity bills and other sources. Similarly, the company borrows fund from Development Partners and lenders through the on-lending agreement by the Government through transactions with other banks for short term liquidity requirements.

During the year, the company has not entered any covenant in financing contracts which could have the effect of restricting the use of financing arrangements or credit facilities.

(b) Liquidity management

The liquidity management process is being carried out within the Company and monitored through day-to-day funding, monitoring future cash flows to ensure financial assets that is trade and other receivables are timely collected, monitoring liquidity ratios against internal sources, managing the concentration and profile on lent Government debt to be converted to equity and monitoring of advance payment that will be amortized after completion of each stage of works upon receiving of completion certificate.

Monitoring and reporting take the form of cash flow measurement and projections for the next month and year respectively as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

2.26. FUTURE PROSPECTS

The demand of electricity in the country is expected to continue growing due to the growth in investments in various sectors of the economy, population growth and increase in demand for social services such as health, transport, etc. Expansion of investment and improving social and economic services in all areas of the country, it is expected that the need for electricity especially in the rural areas will keep on increasing. In addressing this, during the year under review the company has continued to make investments in power generation projects such as the JNHPP, construction of various transmission and distribution infrastructures which will enable the provision of electricity to meet the growing demand.

2.27. PRINCIPAL RISKS AND UNCERTAINTIES

All company's business units are responsible for identifying and reporting risks and response plans every quarter. Risks and treatment plans are continually monitored and reviewed.

The Board of Directors is ultimately responsible for the governance of risks and opportunities in the Company and sets the direction for how they should be managed through policies and procedures.

The objective of managing risk and resilience is to ensure that the company is able to formulate and execute its strategies effectively, to operate its business efficiently with minimum disruption, to proactively leverage opportunities as they arise, and to be able to respond rapidly and recover effectively from disruptions should they materialize. It is therefore important that risks that affect the company's objectives are identified, effectively managed and continuously monitored.

During the period under review, the company identified the following key risks and set out mitigating strategies as follows:

(a) Liquidity Risk/Insufficient fund

The main causes of liquidity risks to the company include but not limited to high operating expenditures, huge outstanding creditors and loans. Increase in costs due to exchange rate fluctuations and accruing of interest/charges from bank overdrafts and loans. These can result in the company's failure to meet short and long-term obligations.

To mitigate this risk, the company has taken the measures by ensuring power reliability to generate more revenues, increase customer base by connecting potential customers, operational cost cutting for unnecessary expenditures, enhanced Revenue Protection Units (RPUs) across the organization and deployment and use of technologies to protect and collect the company's revenue, including Pre-paid billing system, Automatic Meter Infrastructure (AMI), System Delivery Management system (SDM).

(b) Aging Infrastructure

To mitigate this risk, the company has undertaken major infrastructure rehabilitation & Upgrades, continuous preventive maintenance and new investment in potential infrastructure.

(c) Prolonged procurement process

To mitigate this risk, the company has taken measures to enhance compliance to PPRA Act and Regulations and continuous capacity building.

(d) Natural and manmade disasters

To mitigate this risk, the company has taken measures to diversify power sources/ generation mix, put in place corporate disasters recovery programs, and strengthen security programs.

(e) High system losses
To mitigate this risk, the company has continue investing in transmission and distribution infrastructure, rehabilitation and upgrade of transmission and distribution infrastructure and enhance infrastructure inspection through RPU.

(f) Information Systems Malfunctioning
To mitigate this risk, the company has taken measures to make improvement on ICT infrastructure and facilities, establishment of cyber security infrastructure, efficient application of internally developed policies and regulations, ensure staff capacity development and establish DRP for all critical systems.

(g) Possible Occurrence of Epidemic and Pandemic Diseases
To mitigate this risk, the company has established a Company safety policy and regulations and frequently health awareness and use of protective gears.

(h) Tarnishing of Good Corporate Image
To mitigate this risk, the company enhanced compliance to Customer Service Charter and improving customer service Use of Media Educational Programs.

(i) Unethical practices
To mitigate this risk, the company has strengthened the ethical committee and follow-up of an ethical report from the committee, establishment of incentive system and provision of conducive working environment and facilities.

(j) Embezzlement
To mitigate this risk, the company has continued to make periodic review of internal controls, Provision of conducive working environment and facilities, strengthen financial resources management through the use of technology, use of disciplinary measures and establishment of scheme of service, incentives and motivation program.

(k) Loss of customers due to competition from other electricity vendors (solar)
To mitigate this risk, the company has continued to offer better service than competitors (quality and reliability) and continue to provide affordable electricity services.

(l) Low Staff Morale
To mitigate this risk, the company has been periodically performing review of HR Policy and Manual, establishment of scheme of service and provision of in-house trainings to staff enhance monthly performance measures.

(m)Credit Risk
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's trade and other receivables.

To minimize credit risk from its trade receivables the company has been promptly disconnecting customers with overdue balances. On the other hand, cash and cash equivalents are placed with high reputable financial institutions.

(n) Fraud risk
The Company could incur losses resulting from fraudulent transactions, but controls are in place to mitigate such risks to an acceptable level.

Mitigating controls which are instituted by the Company include authorization of payments, proper procurement process and segregation of duties.

(o) Delayed Project Completion and Cost Overruns
The key cause of this risk is the due to complexity of the projects and lack of funds to pay consultants timely for the procurement of materials. This can lead to projects taking longer period to complete than planned period therefore requiring more cash outflows which in turn affect the company's profitability.

To mitigate this risk, the company has enhanced the procurement and training of contract software management and capacity building on project management.

(p) Reliability and Quality of Power
The Company could face a risk of not obtaining high quality reliable power from its internal plants due to power blackout caused by poor maintenance of generation, transmission and distribution networks. This could result in the Company not supplying a high-quality power at the required time to meet the existing demands of its customers.

To mitigate this risk, the company has invested in the rehabilitation and maintenance of generation, transmission and distribution infrastructures in order to improve the quality and reliability of power.

(q) Power Loss through Meter Tampering and Stopped Meters
The company faces a risk of energy losses due to meter tampering and stopped meters. Energy losses reflect the difference between the quantity of energy sent out from the power stations and the quantity sold to various customers at the end of the value chain. Losses are categorised as technical or non-technical in nature.

To mitigate this risk company has continued to carry out the operational campaigns against energy theft, known as '*Kampeni Kamata Wezi wa Umeme (KAWEU)*" in all regions.

(r) Vandalism of Infrastructures
The Company could face a risk of vandalism of its infrastructures including theft of conductors and transformer oils.

To mitigate this risk, the company has deployed security guards and installation of surveillance systems to company's critical infrastructure particularly at substations, enhance Corporate Social Responsibilities the company has strengthen its relationships with leaders of local communities with the objective of protecting transmission and distribution infrastructures, enhancing informer rewards system, the company has been providing incentives to citizens who provided information on vandalism and power theft, engaging village councils in protection of Electricity Networks the company has strengthen its relationships with leaders of local communities with the objective of protecting transmission and distribution infrastructures and regularly conducting public awareness on the impact of vandalism issues

(s) Hydrology Condition
Seasonal climatic changes affect the ability to generate power by using hydro power plants, thus compelling the Company to use more gas and fuel facilities to generate power. This can result into high costs of generating electricity.

To mitigate this risk, during the year under review the company has ensured that, other alternative sources of power generation are readily available to meet customers' demands. During the year under review, hydrology condition was unfavorable, this has negatively affected generation through hydropower plants.

2.28. COMPLIANCE WITH LAWS AND REGULATIONS

The company is subject to compliance with numerous laws and regulations which govern its operations, including conditions relating to tariffs, expansion activities, environmental compliance, procurement, finance and human resources. Compliance with laws and regulations is overseen by each business unit.

During the year under review, there were no major instances of non-compliance with laws and regulations that were identified.

2.29. SOLVENCY

The Board of Directors confirms that applicable financial reporting standards have been followed and that the financial statements have been prepared on a going-concern basis. The Board has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Government has been consistently showing commitment in assisting the Company in meeting its financial obligation relating to major projects. The Directors are of the opinion that the Government acknowledges the Company's financial difficulties and will not recall its loan that the Company has defaulted paying. The Government has continued funding the Company despite the default. Additionally, the Government has confirmed its commitment of providing financial support to the Company in order to continue operating on a going-concern basis.

The Government has been financing rural electrification projects through its agency, the Rural Energy Agency (REA), through capital grants and is expected to continue providing funds for these projects for the foreseeable future. In addition, the Government has continued to solicit grants from external donors to finance electrification projects and rehabilitation of distribution and transmission infrastructures.

2.30. EMPLOYEES' WELFARE

2.30.1. Industrial Relationship

There was a continued positive relation between employees and Tanzania Union of Industrial and Commercial Workers (TUICO) and Management during the year under review. There was no industrial unrest reported apart from disciplinary cases to employees engaged in misconduct.

Management and the trade union have continued to work together in pertinent issues for the betterment of the employee's welfare and the Company.

2.30.2. Employment

The Company continued to be an equal opportunity employer. It gives equal access to employment opportunities to both males and females and free from discrimination of any kind irrespective of factors like gender, marital status, tribes, religion and disability that does not impair ability to discharge duties.

During the year under review, the Company recruited 4 employees to fill the gaps of employees who retired, passed away, terminated and those from approved establishment in respective years. The table 3 hereunder illustrates employment category and gender.

Table 3: Employees Categories and Gender

Year	No. of staff Employed	Technical	Non-Technical	Gender	
				Male	Female
FY 2021/22	208	150	58	178	30
FY 2022/23	4	0	4	1	3

On the other hand, during the year under review, 344 employees ceased to be employees of the Company due to retirement, death, termination on disciplinary grounds and resignation.

Table 4: Departed Employees

S/No	Category	Total	Technical	Non-Technical
1	Retired	263	118	145
2	Terminated	35	30	5
3	Resigned	8	2	6
4	Deceased	27	14	13
5	Abscondment	1	1	0
6	Transfers	10	5	5
Total		344	170	174

2.30.3. Capacity Building

During the year under review, the Company expended TZS 8,781 million for staff training in order to improve employee's technical skills and productivity (2021/22: TZS 11,941 million). The Company trained 2,814 employees in various capacity building programs (2021/22: 5,578). Out of the total staff who underwent training during the year, 2,654 staff were trained locally and 160 staff were trained abroad through Company funds.

2.30.4. Medical Assistance

During the year, employees continued getting medical services through National Health Insurance Fund (NHIF). A total TZS 10,741 million was spent as cost for medical insurance for staff.

(a) HIV & AIDS and Non-Communicable Diseases

During the year under review, employees living with HIV were continued to be provided with care and support. Also, a supplier, House of Health has been contracted to supply Nutritional Food Supplements for employees living with HIV/AIDS at a contract price of TZS 280 million.

The company conducted HIV & AIDS and other non-communicable diseases awareness campaign from February 2023 to May 2023 to all working stations countrywide, whereby 8,421 employees attended awareness campaigns countrywide. Total number of 5,335 employees volunteered to be tested for HIV out of whom 25 were found positive and were referred to care and medical treatment centers for further medical attention.

(b) Sports

In November, 2022 the company through its sports teams participated in SHIMUTA tournaments conducted in Tanga, where it emerged the Champion in Soccer, 1st runner up in Basketball (women) and 2nd runner up in Basketball (men), 2nd runner up in Volleyball (men). The company also participated in MAY DAY sports tournaments in Morogoro, April 2023 where the team emerged the champion in volleyball (men) and 2nd runner up in Soccer.

2.30.5. Health and Safety

The Company has made efforts to ensure that Occupational Health and Safety is maintained and adhered to by all employees. Accident prevention has been the core and foremost goal where all major accidents are investigated and mitigation measures implemented. For the period under review, the Company managed to reduce total number of accidents and death as compared to year 2021/22 from 88 to 77 and 10 to 3 respectively.

2.30.6. Pension Scheme and Workers Compensation

During the year under review, the Company paid TZS 27,988 million (2021/22: TZS 20,079 million) being contributions to Public Administered Pension Schemes i.e. Public Sector Social Security Fund (PSSSF) and TZS 1,170 million (2021/22: TZS 844 million) as compensation to Workers Compensation Fund (WCF).

2.30.7. Persons with Disabilities

It is the Company's policy to accept disabled persons for employment in those vacancies that they are able to fill. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the Company's policy that training, career development and promotion of disabled persons are identical to that of other employees.

2.30.8. Gender Parity

During the year under review, the Company had 9,301 employees out of which 6,725 are permanent and pensionable employees and 2,576 are specified period employees. In terms of gender distribution, males were 7,633 (82%) and female were 1,668 (18%). The table 5 below details gender parity exhibition within the company:

Table 5: Gender Parity

Financial Year	Permanent Employee			Specified Employees		
	Male	Female	Total	Male	Female	Total
2022/23	5,399	1,326	6,725	2,234	342	2,576
2021/22	5,672	1,393	7,065	2,656	599	3,255

2.31. RELATED PARTY TRANSACTIONS

All Related Party Transactions (RPT) that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. Details of transactions and balances with related parties are included in Note 52 to the financial statements.

2.32. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political donations during the year under review. However, the Company made donations to social, education, environment and health aspects. The total donations made during the year amounted to TZS 46 million.

2.33. ENVIRONMENTAL CONTROL PROGRAMME

During the year under review, the Company continued to manage environmental and social management measures in compliance with national laws and regulations, national and international environmental standards.

For all new projects, the Company undertook Environmental and Social Impact Assessment (ESIA) and Environmental Auditing of existing Electricity infrastructures. It also implemented Environmental and Social Mitigation and monitoring measures for all ongoing projects to comply with EIA certificates and lender requirements.

The Company has all along been in compliance with the Environmental Management Act Cap 191 and Environmental Impact Assessment and Audit Regulations of 2018

2.34. ACCOUNTING POLICIES

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available through Government support to finance future projects and through internally generated income to finance Company's operations.

In addition, the Company holds 100% shares in the subsidiary companies whose mission is to develop power using geothermal resources, construct and maintenance of transmission and distribution networks and manufacture concrete poles. The subsidiaries expect to be in their development stage in the near future and their operational budgets are partly or fully financed by the Company. The consolidated and separate financial statements have been prepared on the going concern basis based on assumption that the Government will continue to provide financial support as and when necessary.

The Group's accounting policies, which are laid out in Note 7 to the consolidated and separate financial statements are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards.

2.35. CORPORATE SOCIAL RESPONSIBILITY

The Company continued with commitment towards sustainable energy supply without undue compromise to human and environmental development in line with business strategies towards building strong social value with the community. Reliable service delivery, ethical behavior, responsive and accountable to customers' needs and interests through various business re- engineering processes focusing on improving corporate image are some of the measures that were taken to abide with corporate social responsibility. The social responsibilities are in areas of health, social welfare, education and environmental categories and the Company sets aside budget every year to cater for all Corporate Social Responsibility activities.

During the year under review, apart from other donations and contributions, the Company continued to provide medical and transport services to citizens who live nearby the hydro power stations. Such services are provided at Kidatu, Hale Pangani, Mtera and Kihansi Hydro Power Stations. The Company also provides financial assistance on the occasional basis to the nursery and primary schools at Kidatu and Mtera.

2.36. PREJUDICIAL ISSUES

In the opinion of the Directors, there are no prejudicial issues that can affect the Company.

2.37. RESPONSIBILITY OF THE AUDITOR

The Responsibility of the Controller and Auditor General for the Audit of the Financial Statements is 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 his opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAI 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.

2.38. RESPONSIBILITY OF THOSE CHARGED WITH GOVERNANCE

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as the 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial report process.

2.39. STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021 and the Tanzanian Companies Act, 2002.

2.40. AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of the Group and Company's financial statements by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 as amplified under section 10 (1) of the Public Audit Act Cap 418.

The auditors' address is as follows:
The Controller and Auditor General
National Audit Office,
4 Ukaguzi Road,
P. O. Box 950,
Hazina Street,
41104 Dodoma.

BY ORDER OF THE BOARD

Adopted by the Chairman of the Board of Directors on .... 2024, and signed on its behalf by;

Signed By: Dr. Rhimo S. Nyansaho
Position: Board Chairman

Date: 27/03/2024

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 2023, were approved by the Board of Directors Chairman for issue and signed on its behalf by:

Signed By: Dr. Rhimo S. Nyansaho
Position: Board Chairman

Date: 27/03/2024

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, Renata C. Ndege being the Director Finance of Tanzania Electric Supply Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June 2023 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.

Signed by: CPA Renata C. Ndege

Position: Director Finance

NBAA Membership No. ACPA 1721

5.0 FINANCIAL STATEMENTS

GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Group		Company	
		30 June 2023	30 June 2022 Restated	30 June 2023	30 June 2022 Restated
	Note	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-current assets					
Property, plant and equipment	16	11,792,827	11,149,779	11,781,773	11,141,134
Capital work in progress	17	8,745,800	6,850,848	8,736,510	6,848,337
Intangible asset	18	3,476	6,721	3,472	6,712
Investment in subsidiary	20		-	63,702	53,085
Investment in associate	21	710	710	3,687	3,687
Other investments	22	48,695	49,264	48,695	49,264
Capacity charges prepayment	23	4,807	9,293	4,807	9,293
Total Non-current assets		**20,596,315**	**18,066,615**	**20,642,646**	**18,111,512**
Current assets					
Inventories	25	13,862	15,488	11,675	13,326
Trade and other receivables	26	213,640	224,282	165,031	197,896
Prepayments	38	275,368	558,093	263,881	543,650
Withholding tax recoverable	39	12,235	8,634	11,174	8,072
Deferred Tax asset	40	143	104	-	-
Tax Asset	47	347	843		
Bank balances and cash	27(a)	501,792	438,568	455,358	428,965
Total Current assets		**1,017,387**	**1,246,012**	**907,119**	**1,191,910**
Total assets		**21,613,702**	**19,312,627**	**21,549,765**	**19,303,422**
Capital and reserves					
Share capital	28(a)	3,958,096	1,131,368	3,958,096	1,131,368
Advance towards share capital	28(b)	1,246	602,396	1,246	602,396
Accumulated losses		(2,423,119)	(2,429,643)	(2,391,856)	(2,401,470)
Reserves		4,397,195	4,408,281	4,395,376	4,406,461
Total equity		**5,933,418**	**3,712,402**	**5,962,862**	**3,738,755**
Non-current liabilities					
Deferred tax liability	24	2,094,830	2,110,826	2,094,322	2,110,318
Grants	29	10,569,524	8,489,620	10,548,660	8,468,534
Borrowings - Non-current portion	30	273,451	1,439,840	273,451	1,439,840
Consumer deposits	33	5,720	8,601	5,720	8,601
Decommissioning provision	37	12,223	2,856	12,223	2,856
Deferred income	41	123,969	297,777	123,969	297,777
Other employment benefits	31	110,035	89,676	110,035	89,676
Total Non-current liabilities		**13,189,752**	**12,439,196**	**13,168,380**	**12,417,602**

		Group		Company	
		30 June 2023	30 June 2022 Restated	30 June 2023	30 June 2022 Restated
	Note	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Current liabilities					
Trade and other payables	32	2,395,366	2,593,549	2,323,358	2,579,594
Borrowings - Current portion	30	3,329	398,794	3,329	398,794
Provisions	36	86,350	151,141	86,350	151,141
Income tax payable	35	5,487	17,545	5,486	17,536
Total Current liabilities		**2,490,532**	**3,161,029**	**2,418,523**	**3,147,065**
Total liabilities		**15,680,284**	**15,600,225**	**15,586,903**	**15,564,667**
Total equity and liabilities		**21,613,702**	**19,312,627**	**21,549,765**	**19,303,422**

The financial statements were adopted by the Board of Director on 27/03/ 2024, and were signed on its behalf by:

Dr. Rhimo S. Nyansaho — Date: 27/03/2024
Board Chairman:

BTBHanga

Eng Gissima Nyamo-Hanga — Date: 27/03/2024
Managing Director:

GROUP AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	Note	Group 30 June 2023	Group 30 June 2022	Company 30 June 2023	Company 30 June 2022
		TZS 'm	TZS 'm	TZS 'm	TZS 'm
Revenue	9	1,952,709	1,847,452	1,932,801	1,821,079
Cost of sales	10	(1,954,064)	(1,658,266)	(1,940,666)	(1,634,632)
Gross (loss)/profit		**(1,355)**	**189,186**	**(7,865)**	**186,447**
Other income	11	331,998	435,317	331,744	435,066
Impairment of Financial Assets	12(a)	(41,683)	(38,257)	(41,683)	(37,908)
Operating expenses	12(b)	(265,153)	(352,559)	(257,128)	(346,861)
Operating profit		**23,807**	**233,687**	**25,068**	**236,743**
Interest income on bank deposits	13(b)	360	132	360	132
Finance cost	13(a)	(15,810)	(57,605)	(15,810)	(57,605)
Net finance cost		**(15,450)**	**(57,473)**	**(15,450)**	**(57,473)**
Profit before tax		**8,357**	**176,214**	**9,618**	**179,271**
Income tax (charge)	14	(1,833)	(97,343)	(4)	(95,954)
Profit for the year		**6,524**	**78,871**	**9,614**	**83,317**
Other comprehensive income (net of tax)					
Re-measurement of Defined Benefit Plan		(14,971)	595	(14,971)	595
Unrealized gain on equity		(866)	4,331	(866)	4,331
Deferred tax at 30%		4,751	(1,478)	4,751	(1,478)
Revaluation gain		-	-		
Other Comprehensive income net of Tax		**(11,086)**	**3,448**	**(11,086)**	**3,448**
Total comprehensive profit for the year		**(4,562)**	**82,319**	**(1,472)**	**86,765**

27/03/2024

Dr. Rhimo S. Nyansaho
Board Chairman:

Date

27/03/2024

Eng Gissima Nyamo-Hanga
Managing Director:

Date

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

GROUP	Share capital	Advance towards share capital	Revaluation reserve	Fair value reserve of financial assets	Other Reserve	Accumulated losses	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Period ended 30 June 2023							
Balance at 01 July 2022	1,131,368	602,396	4,373,312	34,801	168	(2,429,643)	3,712,402
Impact of correction of errors							
Balance at 1st July 2022	1,131,368	602,396	4,373,312	34,801	168	(2,429,643)	3,712,402
Profit for the year	-	-	-	-	-	6,524	6,524
Other comprehensive income (OCI)	-	-	-	(866)	(14,971)	-	(15,837)
Total Comprehensive Income	-	-	-	(866)	(14,971)	6,524	(9,313)
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		(601,150)					(601,150)
Balance as at 30 June 2023	3,958,096	1,246	4,373,312	34,194	(10,312)	(2,423,119)	5,933,418

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023 (Continued)

COMPANY	Share capital	Advance towards share capital	Revaluation reserve	Fair value reserve of financial assets	Other Reserve	Accumulated losses	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Period ended 30 JUNE 2023							
Balance at 1st July 2022	1,131,368	602,396	4,371,493	34,801	168	(2,401,470)	3,738,755
Impact of correction of errors							
Balance at 1st July 2022	1,131,368	602,396	4,371,493	34,801	168	(2,401,470)	3,738,755
Profit/Loss for the year	-	-	-	-	-	9,614	9,614
Other comprehensive income:	-	-	-	(866)	(14,971)		(15,837)
Total Comprehensive income	-	-	-	(866)	(14,971)	9,614	(6,223)
Deferred tax liability on equity instrument			-	260	4,491		4,751
Loan conversion to equity	2,826,728						2,826,728
Transactions with owners:							
Advance towards Share capital		(601,150)					(601,150)
Balance as at 30 June 2023	3,958,096	1,246	4,371,493	34,194	(10,312)	(2,391,856)	5,962,862

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

GROUP	Share capital	Advance towards share capital	Revaluation reserve	Fair value reserve of financial assets	Other Reserve	Accumulated losses	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2022							
Balance at 01 July 2021	**1,131,368**	**426,572**	4,373,312	31,769	**(242)**	**(2,328,348)**	3,634,431
Impact of correction of errors						(180,165)	(180,165)
Balance at 1st July 2021	**1,131,368**	**426,572**	4,373,312	31,769	**(242)**	**(2,508,514)**	3,454,265
Profit for the year	-	-	-	-	-	78,871	78,871
Other comprehensive income (OCI)	-	-	-	4,331	585	-	4,916
Total Comprehensive Income	-	-	-	**4,331**	**585**	**78,871**	**83,787**
Deferred tax liability	-	-	-	(1,299)	(176)	-	(1,475)
Transactions with owners:							
Advance towards Share capital		175,824					175,824
Balance as at 30 June 2022	**1,131,368**	**602,396**	**4,373,312**	**34,801**	**168**	**(2,429,643)**	**3,712,402**

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

COMPANY	Share capital	Advance towards share capital	Revaluation reserve	Fair value reserve of financial assets	Other Reserve	Accumulated losses	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2022							
Balance at 1 July 2021	1,131,368	426,572	4,371,493	31,769	(242)	(2,304,621)	3,656,339
Impact of correction of errors						(180,166)	(180,166)
Balance at 1 July 2021	**1,131,368**	**426,572**	**4,371,493**	**31,769**	**(242)**	**(2,484,787)**	**3,476,173**
Profit/Loss for the year	-	-	-	-	-	83,317	83,317
Other comprehensive income:	-	-	-	**4,331**	**585**	-	**4,916**
Total Comprehensive income	-	-	-	4,331	585	83,317	88,233
Deferred tax			-	(1,299)	(176)		(1,475)
Transactions with owners:							
Advance towards Share capital		175,824					175,824
Balance as at 30 June 2022	**1,131,368**	**602,396**	**4,371,493**	**34,801**	**167**	(2,401,470)	**3,738,755**

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

		Group		Company	
	Note	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		TZS 'm	TZS 'm	TZS 'm	TZS 'm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operating activities	34	372,429	754,389	341,628	770,198
Tax Liability	35	(24,604)	(23,807)	(23,224)	(21,875)
Net cash from operating activities		**347,824**	**730,582**	**318,404**	**748,323**
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to capital work in progress	49	(2,320,265)	(2,139,831)	(2,316,918)	(2,138,295)
Transfer to subsidiary PPE Acquisition of PPE	49	(1,822)	-		
Addition of intangible	18		(12)		
Acquisition of subsidiary	20	-	-	(10,618)	(7,527)
Additional to licensing	49	1,961	-	-	-
Net cash used in investing activities		**(2,320,126)**	**(2,139,843)**	**(2,327,536)**	**(2,145,822)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	43	8,465	81,677	8,465	81,677
Loan repayments	44	(53,391)	(45,455)	(53,391)	(45,455)
Change in restricted cash					
Proceeds from grants	45	2,080,452	1,359,810	2,080,452	1,359,810
Proceeds towards share capital					
Net cash generated from financing activities		**2,035,525**	**1,396,032**	**2,035,525**	**1,396,032**
Net increase/decrease in cash and cash equivalents		**63,224**	**(13,229)**	**26,393**	**(1,467)**
Cash and cash equivalents at beginning of year		438,568	451,797	428,965	430,432
(Decrease)/Increase during the year		63,224	(13,229)	26,393	(1,467)
Cash and cash equivalents at end of year	26	**501,792**	**438,568**	**455,358**	**428,965**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Tanzania Electric Supply Company Limited (the “Company”) is a company domiciled in Tanzania. The consolidated financial statements of the Company as at and for the period ended 30 June 2023 comprise the Company and its subsidiary Tanzania Geothermal Development Company Limited, Electrical Transmission and Distribution and Maintenance Company Limited and Tanzania Concrete Poles Manufacturing Company Limited (together referred to as the Group). The Group is primarily involved in generation, transmission and distribution of electricity and construction of transmission and distribution networks.

The registered office is:
Dar es Salaam Road,
P.O. Box 453,
Dodoma, Tanzania.

2. BASIS OF PREPARATION

These consolidated and separate financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2002.Addittionally, the statements have been prepared compliant to the laid down company’s accounting policies and procedures as detailed in Note 7.

The consolidated financial statements have been prepared on a historical cost basis, except for on lent loans borrowed by the Government on behalf of the Company, which have been measured at fair value because interests on the on lent loans are concessionary.

The Company owns 100% of the ordinary share capital of Tanzania Geothermal Development Company Limited (TGDC), Electrical Transmission & Distribution Construction and Maintenance Company Limited (ETDCO) and Tanzania Concrete Poles Manufacturing Company Limited (TCPM). Accordingly, as per IFRS 10, the Company is required to prepare consolidated financial statements which include financial statement of the parent Company and its Subsidiaries.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated and separate financial statements are presented in Tanzanian Shillings (TZS), which is the Group and Company’s functional currency. All financial information presented in Tanzanian Shillings has been rounded off to the nearest million (TZS’ m) except where otherwise indicated.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of Group and Company financial statements is in conformity with International Financial Reporting Standards (IFRS) which require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. In the preparation of these consolidated and separate financial statements the company has made judgements and estimates which are detailed as follows:

4.1 Judgements

The Management has applied judgements on the following areas which have significant effects on the consolidated and separate financial statements, the areas includes:

(a) Consolidation whether the Company has de facto control over a Subsidiary or an investee,
(b) Determination of impairment of trade and other receivables as per IFRS 9 -Financial Instruments.

4.2 Estimates

In the course of preparation of financial statements Management has made estimates on the following areas;

(a) Property, Plant & Equipment
Management has made estimates in determining depreciation rates and useful life for property, plant and equipment. The rates used are set out in note 7(d).

(b) Income Tax
Current income tax asset and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

(c) Trade and Other Receivables Provisioning
Management has made estimates in determining fair value of trade and other receivable as per IFRS 9 -Financial Instruments. The expected credit loss is based on assumptions about risk of default and expected loss rates. The Management uses judgement in making these assumptions.

(d) Impairment Provisions for PPE
Management has made estimates in determining the carrying amount of impaired property, plant and equipment.

(e) Asset Retirement Obligation (ARO)
In determining provision for costs expected in the future to dismantle the power generation plants (hydro power plants and gas power plants), management has applied estimates in establishing future cash outflows as per IFRS 16-Property Plant & Equipment.

(f) Estimation of Deferred Revenue for Prepaid Meters

Management has estimated provision for deferred revenue for prepaid meters using the following model.

Deferred Revenue Model

Tariff	T1		D1	
Class	Deferred Units (DU)	Deferred Revenue (DR)	Deferred Units (DU)	Deferred Revenue (DR)
A	11%PU	Unit Cost*DU_A	8%PU_A	Unit Cost*DU_A
B	4%PU	Unit Cost*DU_B	16%PU_B	Unit Cost*DU_B
C	14%PU	Unit Cost*DU_C	5%PU_C	Unit Cost*DU_C

4.3 Measurement of Fair Values

Management has maintained its overall responsibility for overseeing all significant fair value measurements as per IFRS 13-Fair Value Measurement.

5. NEW STANDARDS AND INTERPRETATIONS ISSUED

(a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

(b) Other standards

The following new and amended standards are not expected to have a significant impact on the Group and Company's financial statements;

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practical statement 2).
- Definition of Accounting estimates (Amendments to IAS 8).

6. GOING CONCERN

The Company has prepared these financial statements based on going concern, that is, the group will meet its obligations and continue its business for the foreseeable future. The going concern basis is backed up by the following aspects;

(a) Profitability

For the past three years the company has been recording profits. For the period ended 30th June 2023 the company made a profit of TZS 9,614 million.

(b) Strategic Projects

The company has been implementing a number of strategic projects which include Generation, Transmission and Distribution projects, these projects are aimed at increasing revenue and reducing generation cost thereby increasing profitability. Some examples of these strategic projects include;

i. The ongoing construction of Julius Nyerere Hydro Power Project 2115MW (JNHPP) funded by the Government at an estimated cost of TZS 6.5 trillion. Upon completion of this project the Company will instantly lower the generation cost significantly. As at the year end, the company through the Government has so far spent a total of TZS 5.7 trillion for project.

ii. Construction of 400 kV North West Grid transmission line (Mbeya-Sumbawanga-Mpanda-Kigoma-Nyakanazi), construction of 220 kV Bulyanhulu-Geita transmission line, extension of North East Grid to 400 kV Dar-Tanga-Arusha transmission line, extension of Singida-Arusha-Namanga 400 kV transmission line and construction of Central - East Grid (Rufiji - Chalinze - Dodoma) 400 kV Transmission Line.

(c) Government Support

The Government of the United Republic of Tanzania has continued to support the company financially in implementation of its strategic projects. Additionally, the Government has been financing rural electrification through its agency (REA) and ultimately handing over the completed projects to the company as Government grants. For example, REA III Round 1 Project cost is estimated at TZS 1.1 trillion and intends to supply electricity to a total of 3,359 villages with 180,768 customers.

On the other hand, the Government has been providing guarantee to the company on obtaining funds from development partners and commercial banks.

All the above initiatives are expected to significantly improve the Company's ability to continue operating as a going concern for the foreseeable future.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

In the context of preparation of group accounts, the concepts namely Subsidiary, Non-controlling interest, loss of control and elimination are construed as follows;

i. Subsidiary

Subsidiary is the entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Non-Controlling Interest (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Loss of Control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv. Transaction Elimination

Intra-Company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Interest in Equity Accounted Investees

The Company's interests in equity-accounted investees comprise interests in associates and a joint venture. An associate is an entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

In the consolidated financial statements, interest in associate is accounted for using the equity method. In the separate financial statements, the investees are carried at cost, which include the initial transaction costs directly attributable to the acquisition of the investments. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

(c) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities, and it is recognized compliant to IFRS 15. This IFRS 15 stipulates that revenue is recognized based on five-step model detailed as follows;

(i) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
(ii) The Group can identify each party's rights regarding the goods or services to be transferred;
(iii) The Group can identify the payment terms for the goods or services to be transferred;
(iv) The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract); and
(v) It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer

Revenue is shown, net of value added tax, estimated returns, rebates and discounts. Revenue is recognized in the period when electricity is consumed by customers. Revenue on prepaid accounts is recognized when units of electricity are purchased. An adjustment is made at the year-end to reverse the estimated portion of unused units.

(d) Property, Plant & Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period.

Recognition, measurement and de-recognition of PPE are in compliance to IAS 16 and company's fixed asset policy.

Initially all categories of property, plant and equipment are recognized and measured at historical cost less depreciation and accumulated impaired losses. This historical cost includes expenditure that is directly attributable to the acquisition of the items. However, Leasehold land is amortised over the period of the lease.

On Subsequent measurement the company uses revaluation model whereby all categories of property, plant and equipment are measured at fair value all asset are revalued after 5 years by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross value of an asset.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to revaluation reserves in shareholder's equity net of deferred tax. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity whereas all other decreases are charged to profit or loss.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Hydro-generation equipment	20 - 50 years
Thermal-generation equipment	15 - 50 years
Transmission systems	20 - 60 years
Distribution systems	10 - 60 years
Buildings	50 years
Motor vehicles	4 - 15 years
Office equipment	8 years
Strategic spares	30 years

The assets residual values and useful lives are reviewed at each reporting date and valuation period respectively and appropriate adjustment are put into effect.

Gains or losses on disposals (calculated as the difference between the net proceeds from disposal and the carrying amount of the items) are recognized within 'other income' in profit or loss. When revalued assets are sold, the amounts included in revaluation reserve are transferred to accumulated losses.

(e) Investment Property

Investment property is an asset held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business.

Investment property is initially measured at cost, and subsequently measured at historical cost less accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on a straight line basis with a useful life of 20 years.

Cost of investment property includes expenditure that is directly attributable to the acquisition of the property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Additions to the investment property are those resulting from subsequent expenditure that meet the definition of an asset, and those resulting from acquisition.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. When the use of a property changes to owner-occupied it is reclassified as property, plant and equipment.

(f) Capital Work in Progress

Capital work in progress represents the costs incurred for capital projects that are under construction and are stated at cost. The cost comprises the cost of materials, labour, overheads and spares. The capital works in progress projects are not depreciated.

(g) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost and subsequently they are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible asset of the company contains license from EWURA and software (Luku, AMR, Hiafinity, Distribution design, iScala and Audit Management system) and it is amortised over 3 years.

(h) Restricted Deposits/Funds

Restricted deposits/funds consist of all amounts withheld by the lending commercial banks as collateral. Changes in the restricted deposits/funds account are presented within financing activities in the statement of cash flows.

(i) Capacity Charges Prepayments

These are fixed cost billed by independent power producer paid in advance. They are amortized over the remaining period of the power supply agreement(s).

(j) Impairment of Non-financial assets

Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its service recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on non-qualifying assets are expensed in the period they accrue.

Borrowings that have been on lent from the government at interest rates that are below market have been fair valued and the resulting fair value gains and losses have been included in liability as deferred income.

(l) Functional Currency and Translation of Foreign Currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss in the period in which they arise.

(m) Inventories

Inventories are assets held for sale in the ordinary course of business or in the process of production for such sale or in the form of material or supplies to be consumed in the production process or in the rendering of service (IAS 2).

In the context of these financial statements inventory comprising engine and vehicle parts, combustibles, and other electrical equipment are stated at cost based on the competitive price of bidders. Provision is made for the full value of obsolete inventories and stocks which are surplus to requirements. Obsolete items are materials or spares which have no further use due to obsolescence, technological changes or other factors.

(n) Asset Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components, are re-measured in accordance with the company's other accounting policy. Thereafter, generally the assets, are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale intangible assets and property, plant and equipment are no longer amortized or depreciated.

(o) Taxation

(i) Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The current rate of corporate tax is 30%. Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Deferred tax is provided using the liability method on temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with the investments in associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused income tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with the investments in associates, deferred tax assets are recognized only to the extent that it is probable that
- the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability settled, based on the tax rates that have been enacted or substantively enacted at the reporting date

Deferred tax relating to items recognised in the statement of changes in equity is recognised in equity and not in the profit or loss account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

(ii) Value Added Tax

Revenues, expenses and assets are recognised at amounts net of value added tax except where the value added tax is incurred on a purchase of an asset or service is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables in the statement of financial position.

(iii) Tax Exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(p) Financial Instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments of the Group are classified as financial assets and financial liabilities or equity instrument. Financial instruments may be offset and de-recognized depending on prevailing circumstances.

(i) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(ii) De-Recognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's statement of financial position) when, the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(q) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, all deposits held with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as current liabilities on the statement of financial position.

(r) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions for future operating losses are not recognized.

(s) Deferred income

(i) Grants

Government grants received relating to the creation of electrification assets or any other kind of asset are included in non-current liabilities as deferred income and are credited to profit or loss in other income on a straight-line basis over the expected useful lives of the related assets.

Government grants which become receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the company with no future related costs, are recognised in profit or loss within other operating income for the period in which they become receivable.

(ii) Capital Contributions Received from Customers

The contributions received from customers are recognized as advance and thereafter credited to profit or loss within other operating income immediately when the customer is connected to the electricity network.

(t) Finance Income

Finance income comprises interest received on outstanding monies and upward adjustments to the fair value of a provision, financial liability or financial asset, gain on derivatives, net foreign exchange gain and interest income on lease receivables.

Interest income is recognised as it accrues, in profit or loss, using the effective interest method and dividend income as declared in the other investment.

(u) Other Operating Income

Other operating income comprises gains or losses on disposals of assets, amounts from amortization of deferred government grants, customers' contributions, government revenue grants, donors' revenue grants, rental income and other miscellaneous income.

(v) Finance Cost

Finance cost comprises interest payable on borrowings and interest resulting from the unwinding of discount on liabilities. Borrowing costs which are not capitalised are recognised in profit or loss.

(w) Employee Benefit Obligation

(i) Defined Contribution Scheme

The Group pays contributions to publicly administered pension plans on a mandatory basis which qualifies to be Defined Contribution Plan.

A Defined Contribution Plan is a pension plan under which the Group pays fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Effective from March 2019 all Group's employees were enrolled with the Public Service Social Security Fund (PSSSF). Both Group and employees contribute a total of 20% of the employees' gross salaries to the pension funds.

(ii) Defined Benefit Plan

The Group has an unfunded non-contributory employee long service award arrangement for its permanent and pensionable employees (the "Arrangement"), which provides for lump sum payments to its employees on attaining a specific number of years of service with the Group, based on period length of service. This arrangement qualifies as a Defined Benefit Plan. Payments for the long service awards to the employees are made from the Group's internally generated funds.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The Group uses actuary specialist in the establishment of the defined benefit liability and recognizes current and interest service costs to Defined Benefit Plans in employee benefit expense in profit or loss and actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income (OCI).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

For Defined Benefit Plan, the amount recognized in the statement of financial position is the present value of the defined benefit obligation (that is, the present value of the expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

(iii)Other Long-Term Employee Benefit

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(x) Share Capital and Advances towards Share Capital

Ordinary shares are part of the Company Equity. Incremental cost directly attributable to the issue of new shares is shown in equity as a deduction, net of tax, from the proceeds.

Advances towards Share Capital entail monies received from the government in its capacity as a shareholder and fair value gains or losses on low interest loans from the Government. These are accounted for as advances towards share capital.

(y) Customer deposits

(i) Service Line and Chargeable Work Orders Deposits

The Group provides power connection services to customers, shifts existing utility lines to make way for construction activities at the request of third parties and seconds its staff to work on external projects. Customers who make such request are required to deposit cash in lieu of cost to be incurred. Upon completion of the project, the cost incurred is transferred to and matched against the underlying deposit in profit or loss. Gain or loss is the resultant figure on the service line/chargeable work orders made in profit.

(ii) Consumer Deposits

TANESCO Post-paid customers who expect to enter into power supply contracts with the company are required to make advance payments before they are connected with the power supply. These advance payments named as consumers' energy deposits are required as a way of mitigating risk of non-recovery of outstanding balances in respect of consumed energy by those post-paid customers who intend to terminate their contracts with the company, and those who default to pay their bills.

The Group has established a model to be used in realizing advances as income in respect of monies received as consumer energy deposits by post-paid customers of which the likelihood of a claim is minimal. The model provides that each year 50% of the energy deposits balance will be realized as income for a period of 10 years.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

8.1 Financial Instruments (excluding derivatives)

The Group has an established control framework with respect to the measurement of fair value. This include a management team that monitors need for fair valuation and sources for experts that will perform the valuation.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows;

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observed for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs)

If the input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) Financial Assets (excluding derivatives)

(i) Classification

Financial assets are classified into the following categories:

- **Financial Assets at Amortized cost**
  A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss;

  -It is contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

  -It is held within a business model whose objective is to hold assets to collect contractual cash flows.

- **Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)**
  A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss;

  -Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

  -It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- **Financial Assets at Fair Value through Profit or Loss (FVTPL)**
  All financial assets not classified as measured at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

(ii) Measurement

- **Initial recognition**

Financial assets are initially measured at fair value on the date of commitment to purchase (trade date). The transaction price is generally the best indicator of fair value. If a contract with a customer has a significant financing component, the related financial asset is initially measured at the transaction price excluding the time value of money.

Where the fair value of a financial asset is different to the transaction price, a day-one gain or loss may arise.

If the fair value has been determined based on market-observable data, the whole day-one gain or loss is recognized immediately in profit or loss.

If the fair value has not been based on market-observable data, the day-one gain or loss is deferred in the statement of financial position and amortized over the term of the instrument in profit or loss.

Any directly attributable transaction costs are included in the initial measurement of financial assets except for financial assets at fair value through profit or loss where directly attributable transaction costs are recognized in profit or loss.

- **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial Assets at Amortized cost

Financial assets are measured at amortized cost after initial recognition using the effective interest rate method less any accumulated impairment losses. Interest income, foreign exchange gains and losses and impairments are recognized in profit or loss.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

- Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are measured at fair value after initial recognition. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognized in profit or loss.

Other net gains and losses are recognized in other comprehensive income.

-Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are measured at fair value after initial recognition. Changes in the fair value after initial recognition (including any interest or dividend income) are recognized in profit or loss.

(iii) Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 and 120 days past due for Government and Private entities respectively. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iv) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Group's consolidated statement of financial position) when;

-The rights to receive cash flows from the asset have expired

-The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

(b) Financial liabilities (excluding derivatives)

(i) Classification

Financial liability balances have been classified as either amortized cost or other liabilities.

(ii) Measurement

- **Initial recognition**

  Financial liabilities are measured at fair value on the date of commitment (trade date). Where financial liabilities are carried at amortized cost, transaction costs are included in the value of the financial liability. Where financial liabilities are carried at fair value through profit or loss, transaction costs are recognised in profit or loss.

- **Subsequent measurement**

  Financial liabilities at amortized cost are measured at amortized cost using the effective interest method. Financial liabilities classified as at fair value through profit or loss are measured at fair value. The group did not designate any financial liabilities at fair value through profit or loss.

(iii) De-recognition

A financial liability should be removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss.

8.2 Financial Risk Management

The group maintains an integrated risk and management framework comprising governance structures, management policies and guidance standards with a focus on risk assessments, treatment plans, monitoring and reporting. The management of financial risks, as defined by IFRS 7 Financial instruments: disclosures, falls within these overarching structures, policies and standards.

The management of financial risks is delegated by the board to the audit and risk committee. Day-to-day management of financial risks is carried out in the area in which the risks arise. Risk assessments, treatment plans and monitoring measures are reported to the audit and risk committee on a quarterly basis.

The group's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented.

The Group has exposure to the credit risk, liquidity risk, market risk, foreign exchange risk, currency risk and interest rate risk.

8.3 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established Audit and Risk Committee (ARC) which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's ARC is assisted in its oversight role by Internal Audit and Risk department. Internal Audit and risk department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

The Group's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. Credit risk arises from cash at bank and trade and other receivables. The Group has well-established credit control measures for minimizes credit risk from its trade receivables that include:

- Prompt disconnection of customers with overdue balances
- Conversion of customers to prepayment
- Use of debt collectors
- Taking legal measures against defaulters.
- Negotiation of mutually acceptable payment arrangement

The Group has policies in place to ensure that debts are recoverable within 30 days after the bill is issued to customers. Credit risk arising from cash at bank is managed by having deposits with more than one bank with good reputation. The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Group		Company	
	2023	2022	2023	2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cash and cash equivalents	501,991	438,981	455,557	429,377
Trade receivables	552,997	514,113	508,164	495,820
Other receivables*	45,740	55,425	39,649	45,721
	1,100,728	1,008,519	1,003,370	970,919

*Does not include deposits and VAT recoverable balance

No collateral is held for any of the above assets. Analysis of trade and other receivables is provided in note 26.

Cash and cash equivalents

The Group held cash and cash equivalents of TZS 501,991 million (Company: TZS 455,557 million) at 30 June 2023 (2022: TZS 438,981 million for Group and TZS 429,378 million for Company), which represents its maximum credit exposure on these assets. The cash and cash equivalents are generally held with bank and financial institution counterparties of good reputation.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

Group	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**Between 1 - 2 years**	**Between 2- 5 years**	**Over 5 years**
	TZS 'm	**TZS 'm**	**TZS 'm**	**TZS 'm**	**TZS 'm**	**TZS 'm**
Non-derivative financial liabilities						
At 30 June 2023						
Borrowings	276,781	276,781	89,089	112,757	80,631	103,733
Trade and other payables	2,395,364	2,395,364	2,395,364	-	-	-
	2,657,145	**2,672,145**	**2,484,452**	**112,757**	**80,631**	**103,733**

Company	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**Between 1 - 2 years**	**Between 2- 5 years**	**Over 5 years**
	TZS 'm	**TZS 'm**	**TZS 'm**	**TZS 'm**	**TZS 'm**	**TZS 'm**
Non-derivative financial liabilities						
At 30 June 2023						
Borrowings	276,781	1,838,633	89,089	112,757	80,631	103,733
Trade and other payables	2,323,358	2,323,358	2,323,358	-	-	-
	2,600,139	**2,600,139**	**2,412,447**	**112,757**	**80,631**	**103,733**

Group	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**Between 1 - 2 years**	**Between 2- 5 years**	**Over 5 years**
	TZS 'm	**TZS 'm**	**TZS 'm**	**TZS 'm**	**TZS 'm**	**TZS 'm**
Non-derivative financial liabilities						
At 30 June 2022						
Borrowings	1,838,633	1,838,633	287,459	312,911	55,162	1,472,023
Trade and other payables	2,593,549	2,593,549	2,593,549	-	-	-
	4,432,183	**4,432,183**	**2,881,009**	**312,911**	**55,162**	**1,472,023**

Company	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 - 2 years	Between 2- 5 years	Over 5 years
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-derivative financial liabilities						
At 30 June 2022						
Borrowings	1,838,633	1,838,633	287,460	312,911	55,162	1,472,023
Trade and other payables	2,579,594	2,579,594	2,579,594	-	-	-
	4,418,227	**4,418,227**	**2,867,054**	**312,911**	**55,162**	**1,472,023**

(iii) Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rate, interest rates or equity prices. These changes affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing returns.

(iv) Foreign exchange risk

Foreign exchange risk arise from commercial transaction as the Group incurs a significant portion of it in US dollar and the Euro while its earnings are based in Tanzania shillings. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Dollar and the Euro.

The summary of quantitative data about Group's exposure to currency risks as reported to management of the Company on its risk management policy is as follow:

Equivalent amounts in shillings (in millions)	2023		2022	
Group	**USD**	**EURO**	**USD**	**EURO**
Trade and other receivables	20	-	20	-
Cash and cash equivalents	108	11	116	17
Borrowings	-	-	(228)	(97)
Trade and other payables	(345)	(1)	(280)	(915)
Net exposure	**(216)**	**10**	**(372)**	**(995)**
Company				
Trade and other receivables	20	-	20	-
Cash and cash equivalents	109	11	116	17
Borrowings	-	-	(228)	(97)
Trade and other payables	(345)	(1)	(280)	(915)
Net exposure	**(216)**	**10**	**(372)**	**(995)**

The following significant exchange rates applied during the year/period (TZS values for 1 unit of selected currencies);

	Average rate		Reporting rate	
	2023	2022	2023	2022
USD	2,328	2,304	2,339	2,316
Euro	2,544	2,434	2,557	2,446
GBP	2,940	2,817	2,954	2,832
SDR	3,110	3,102	3,129	3,117
Rand	124	143	125	143
SEK	215	227	217	228
JPY	16	17	16	17

Sensitivity analysis

The table below shows the Group's sensitivity to foreign exchange rates on its US dollar and Euro financial instruments excluding obligations, which do not present a material exposure. The Group has considered movements in these currencies over the last three years and has concluded that a 10% movement in rates is a reasonable benchmark.

Group	**Strengthening**		**Weakening**	
	Profit or loss	**Equity***	**Profit or loss**	**Equity***
30 June 2023				
USD-10% movement (Loss)/gain	(22)	(15)	22	15
Euro-10% movement (Loss)/gain	(1)	(1)	1	1
30 June 2022				
USD-10% movement (Loss)/gain	(37)	(26)	37	26
Euro-10% movement (Loss)/gain	(8)	(6)	8	6

Company	**Strengthening**	**Weakening**		
	Profit or loss	**Equity***	**Profit or loss**	**Equity***
30 June 2023				
USD-10% movement (Loss)/gain	(22)	(15)	22	15
Euro-10% movement (Loss)/gain	(1)	(1)	1	1
30 June 2022				
USD-10% movement (Loss)/gain	(37)	(26)	37	26
Euro-10% movement (Loss)/gain	(8)	(6)	8	6

**Figures are presented net of tax.*

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Profile
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Group Carrying amount		Company Carrying amount	
	2023	2022	2023	2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	(276,781)	(1,838,633)	(276,781)	(1,838,634)
	(276,781)	**(1,838,633)**	**(276,781)**	**(1,838,634)**
Variable rate instruments				
Financial assets	-	-	-	-
Financial liabilities	-	(519,233)	-	(519,233)
	-	**(519,233)**	-	**(519,233)**

Fair value sensitivity analysis for fixed rate instruments
The Group has loans that were issued below market rates. These loans are fair valued on initial recognition. The benefit of the Government loans issued to the Group at rates below the market is initially recognized to advance towards share capital.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points interest rates at the reporting date would have increased (decreased) profit or loss by the amounts below. The United States Dollars interest rates are used in determining the fair value of embedded derivatives if any. This analysis assumes that all other variables in particular foreign currency rates, remain constant.

	Group Profit or loss		Company Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
2023				
Variable rate instruments	-	-	-	-
	-	-	-	-
2022				
Variable rate instruments	(5.19)	5.19	(5.19)	5.19
	(5.19)	**5.19**	**(5.19)**	**5.19**

Capital risk management
The Group has elected not to hedge interest risk and there would therefore be no impact on equity.

The Group's objectives when managing capital are aimed at safeguarding its ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents net of restricted deposits/funds. Total capital is calculated as equity plus net debt.

The gearing ratios at 30 June 2023 and 30 June 2022 were as follows:

	Group		Company	
	2023	2022	2023	2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Total borrowings	276,781	1,838,633	276,781	1,838,634
Less: cash and cash equivalents	(501,991)	(438,981)	(455,557)	(429,377)
Net debt	**(225,210)**	**1,399,652**	**(178,776)**	**1,409,256**
Total equity	5,933,418	3,712,402	5,962,862	3,738,755
Gearing ratio	**(0.04)**	**0.38**	**(0.03)**	**0.38**

9. REVENUE

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Domestic low usage	42,775	38,316	42,775	38,316
General use	957,528	899,028	957,528	899,028
Low voltage supply	190,857	179,686	190,857	179,686
High voltage supply	585,441	560,560	585,441	560,560
Zanzibar Electricity Corporation	109,135	98,381	109,135	98,381
ZECO Pemba	10,226	8,737	10,226	8,737
Bulyanhulu Gold Mines	36,839	36,371	36,839	36,371
Revenue derived by TCPM from DERM	225	645	-	-
Revenue derived by ETDCO from REA	19,683	25,728	-	-
	1,952,709	**1,847,452**	**1,932,801**	**1,821,079**

10. COST OF SALES

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Generation and transmission expenses	831,722	768,312	831,722	768,312
Purchased electricity	317,629	207,754	317,629	207,754
Distribution expenses	451,568	346,522	451,568	346,521
Depreciation	339,747	312,045	339,747	312,045
Cost of Sales - Subsidiaries	13,398	23,634	-	-
	1,954,064	**1,658,266**	**1,940,666**	**1,634,632**

11. OTHER OPERATING INCOME

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Government contribution	38,541	121,244	38,541	121,244
Customer contributions on works orders	94,400	40,916	94,400	40,916
Gain from Insurance claim	2,939		2,939	
Gas sales by Songas	39,501	30,256	39,501	30,256
Revenue Grant from various donors	2,128	1,928	2,128	1,928
Interest on overdue electricity bills	3,503	4,177	3,503	4,177
Reconnection fees	9	19	9	19
Rental income	869	1,021	869	1,021
Profit on disposal of property, plant and equipment	-	66	-	66
Amortization of deferred capital grants (Note 29)	137,424	120,517	137,202	120,287
Amortization of Fair Valuation of Loan	4,232	19,010	4,232	19,010
Foreign exchange difference	(1,085)	79,639	(1,085)	79,639
Other miscellaneous income	9,537	16,524	9,505	16,503
	331,998	**435,317**	**331,744**	**435,066**

12. (a) IMPAIRMENT OF FINANCIAL ASSETS

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Expected Credit Losses				
Trade and other receivable	41,896	38,134	41,896	37,785
Bank deposits	(213)	123	(213)	123
	41,683	**38,257**	**41,683**	**37,908**

12 (b) OPERATING EXPENSES BY NATURE

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Staff costs (note 15)	102,264	100,988	98,533	98,223
Depreciation	28,553	25,664	27,264	24,642
Amortisation of intangibles	3,245	3,207	3,241	3,179
Write (off)/back of provision for obsolete inventories	(797)	344	(797)	344
Repairs and maintenance costs	518	2,751	507	2,711
Legal expenses	585	122,902	585	122,888
Consultancy expenses	2,011	4,954	2,011	4,954
Transport and travel expenses	21,969	21,226	21,399	20,571
Audit fees	818	969	818	969
Insurance	5,865	9,611	5,865	9,611
Bank charges and commission	715	722	695	693
Cable and telegram (bandwidth)	19,564	13,426	19,492	13,426
Contribution to Govt of Tanzania	2,200	2,038	2,200	2,038
Advertisement expenses	1,355	2,498	1,257	2,450
Security expenses	2,861	5,528	2,809	5,477
Consumable office and	254	330	99	192
Other administration expenses	20,778	24,244	18,755	23,340
Suppliers interest	16,918	11,156	16,918	11,154
Loss on disposal of PPE	2,139		2,139	
Foreign exchange differences	33,338		33,338	
	265,153	**352,559**	**257,128**	**346,861**

Depreciation on property, plant and equipment charged to:

- *Cost of sales*	339,746	312,045	339,746	312,045
- Operating expenses	28,553	25,665	27,264	24,642
Total depreciation charge (Note 16)	**368,299**	**337,710**	**367,009**	**336,688**

13. FINANCE COST - NET

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
(a) Finance cost	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Foreign exchange loss on borrowings	4,360	110	4,360	110
Interest expense	5,021	31,228	5,021	31,228
Discount unwinding on borrowing	6,429	26,267	6,429	26,267
	15,810	**57,605**	**15,810**	**57,605**
Discount unwinding relates to the following borrowings;				
Government on lent IDA (Note 30(q))	-	7,257	-	7,257
Government of Tanzania (Deferred capacity charges) (Note 30(c))	-	-	-	-
EDCF(KOREA)- TEDAP	-	1,567	-	1,567
A-F - Electricity V	1,835	1,522	1,835	1,522
OPTICAL CABLE (Long term)	-	-	-	
TA 3569	-		-	
EIB- BTIP	-	90	-	90
IDA Credit 4798 TA-BTIP	4,057	3,419	4,057	3,419
EDCF(KOREA) BTIP	-	2,220	-	2,220
ADF - BTIP	-	2,211	-	2,211
ADF-KTPIP	-	1,215	-	1,215
JICA - BTIP	-	2,364	-	2,364
JICA-KTPIP	221	2,625	221	2,625
BADEA		269		269
ADF-RUSUMO	121	279	121	279
AFD Geita Nyakanazi	132	243	132	243
OFID Bulyahulu Geita	-	254	-	254
AFD Grid Rehab and Upgrade project	-	286	-	286
IDA Credit -TAZA	-	267	-	267
TANESCO Solar Development Project	-	175	-	175
Malagarasi Hydro Power Project	6	4	6	4
Malagarasi Hydro Power Project	57		57	
	6,429	**26,267**	**6,429**	**26,267**
(b) Finance income on bank deposits	**360**	**132**	**360**	**132**

14. INCOME TAX CHARGE

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Current tax charge	1,867	1,539		
Deferred income tax (credit)/charge	(11,581)	85,021	(11,542)	85,199
Tax charge-late filing of returns	229	2	229	
Tax difference		29		
Alternative Minimum Tax (AMT)	11,318	10,753	11,317	10,755
	1,833	**97,343**	**4**	**95,954**

15. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Staff costs charged to cost of sales and operating expenses accounts comprise:				
Salaries and wages	319,269	262,474	319,269	262,474
Social security costs (defined contribution scheme)	27,988	20,079	27,988	20,079
Long service awards (other employee benefits)	3,529	4,413	3,529	4,413
Skills and Development Levy	10,578	8,744	10,578	8,744
	361,364	**295,710**	**361,364**	**295,710**
Classified as:				
Cost of sales	262,831	197,487	262,831	197,487
Operating expenses	98,533	98,223	98,533	98,223
	361,364	**295,710**	**361,364**	**295,710**

16. PROPERTY, PLANT AND EQUIPMENT

Company	Hydro generation	Thermo generation	Transmission systems	Distribution systems	Land and Buildings	Motor vehicles	Strategic spares	Office equipment	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cost/Valuation									
Balance at 1 July 2022	**701,731**	**2,333,887**	**2,202,319**	**5,600,211**	**415,649**	**45,770**	**73,776**	**104,241**	**11,477,585**
Additions (Transfer from CWIP)	5,260	15,438	205,040	761,691	19,931	3,662	732	12,758	1,024,512
Scrap			(2,619)	(12,697)				(40)	(15,356)
Disposal		(2,404)				(265)			(2,669)
Balance at 30June 2023	**706,991**	**2,346,921**	**2,404,740**	**6,349,205**	**435,580**	**49,168**	**74,508**	**116,960**	**12,484,072**
Accumulated depreciation and impairment losses									
Balance at 1 July 2022	**15,631**	**103,640**	**46,647**	**143,446**	**4,012**	**8,851**	**2,447**	**11,775**	**336,450**
Depreciation for the period	15,736	110,939	51,563	159,051	4,143	9,864	2,457	13,257	367,009
Disposal		(157)				(90)			(247)
Scrap			(57)	(857)					(914)
Balance at 30June 2023	**31,367**	**214,423**	**98,153**	**301,640**	**8,155**	**18,625**	**4,904**	**25,032**	**702,299**
Carrying Amounts									
At 30 June 2022	686,100	2,230,247	2,155,672	5,456,765	411,636	36,919	71,329	92,466	11,141,134
At 30June 2023	**675,623**	**2,132,499**	**2,306,587**	**6,047,565**	**427,424**	**30,542**	**69,604**	**91,928**	**11,781,773**

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Hydro generation	Thermo generation	Transmission systems	Distribution systems	Land and Buildings	Motor vehicles	Strategic spares	Office equipment	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cost/Valuation									
Balance at 1 July 2022	701,731	2,333,887	2,202,319	5,600,212	419,444	49,395	73,776	108,861	11,489,625
Additions (Transfer from CWIP)	5,260	15,438	205,040	761,691)	19,914	7,323	732	12,813	1,028,212
Scrap			(2,619)	(12,697)				(40)	(15,356)
Disposals		(2,404)				(265)			(2,669)
Balance at 30June 2023	706,991	2,346,921	2,404,740	6,349,205	439,358	56,529	74,508	121,634	12,499,887
Accumulated depreciation and impairment losses									
Balance at 1 July 2022	15,631	103,640	46,647	143,447	4,100	10,185	2,447	13,750	339,922
Depreciation for the period	15,736	110,939	51,563	159,057	4,147	10,882	2,457	13,524	368,299
Disposal		(157)				(90)			(257)
Scrap			(57)	(857)					(914)
Balance at 30June 2023	31,367	214,423	98,153	301,640	8,247	21,053	4,904	27,274	707,060
Carrying Amounts									
At 30 June 2022	686,100	2,230,247	2,155,672	5,456,765	415,344	39,210	71,328	95,111	11,149,779
At 30June 2023	675,623	2,132,499	2,306,587	6,047,565	431,111	35,477	69,604	94,359	11,792,827

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Hydro generation	Thermo generation	Transmission systems	Distribution systems	Land and Buildings	Motor vehicles	Strategic spares	Office equipment	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cost/Valuation									
Balance at 1 July 2021	701,731	2,159,120	2,202,223	5,090,031	415,629	43,260	73,489	97,142	10,782,625
Additions (Transfer from CWIP)	-	174,767	96	521,661	3,815	6,228	287	11,719	718,573
Scrap				(11,481)		(2)			(11,483)
Disposal						(15)			(15)
Balance at 30 June 2022	**701,731**	**2,333,887**	**2,202,319**	**5,600,211**	**419,444**	**49,471**	**73,776**	**108,861**	**11,489,700**
Accumulated depreciation and impairment losses									
Balance at 1 July 2021			-	-	66	883	-	1,500	2,449
Depreciation for the period	15,631	103,640	46,647	143,680	4,034	9,381	2,447	12,250	337,710
Disposal						(3)			(3)
Scrap				(234)					(234)
Balance at 30 June 2022	**15,631**	**103,640**	**46,647**	**143,446**	**4,100**	**10,261**	**2,447**	**13,750**	**339,922**
Carrying Amounts									
At 30 June 2021	**701,731**	**2,159,120**	**2,202,223**	**5,090,031**	**415,563**	**42,378**	**73,489**	**95,717**	**10,780,252**
At 30 June 2022	**686,100**	**2,230,247**	**2,155,672**	**5,456,765**	**415,344**	**39,210**	**71,329**	**95,111**	**11,149,779**

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Hydro generation	Thermo generation	Transmission systems	Distribution systems	Land and Buildings	Motor vehicles	Strategic spares	Office equipment	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cost/Valuation									
Balance at 1 July 2021	701,731	2,159,120	2,202,223	5,090,031	411,833	40,500	73,489	93,047	10,771,974
Additions (Transfer from CWIP)	-	174,767	96	521,661	3,815	5,287	287	11,194	717,108
Scrap				(11,481)		(2)			(11,483)
Disposals						(15)			(15)
Balance at 30 June 2022	**701,731**	**2,333,887**	**2,202,319**	**5,600,212**	**415,649**	**45,770**	**73,776**	**104,241**	**11,477,385**
Accumulated depreciation and impairment losses									
Balance at 1 July 2021	-	-	-	-	-	-	-	-	-
Depreciation for the period	15,631	103,640	46,647	143,680	4,012	8,855	2,447	11,775	336,688
Disposal						(3)			(3)
Scrap				(234)					(234)
Balance at 30 June 2022	**15,631**	**103,640**	**46,647**	**143,447**	**4,012**	**8,852**	**2,447**	**11,775**	**336,450**
Carrying Amounts									
At 30 June 2021	**701,731**	**2,159,120**	**2,202,223**	**5,090,031**	**411,833**	**40,500**	**73,489**	**93,047**	**10,771,974**
At 30 June 2022	**686,100**	**2,230,247**	**2,155,672**	**5,456,765**	**411,636**	**36,919**	**71,329**	**92,466**	**11,141,134**

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment were revalued as at 30 June, 2021 by a professional Asset valuation Consultant, M/S Land Masters Combine Limited of Dar es Salaam, Tanzania in association with Rodney Hyman Expert Valuer of Sydney Australia, and International Valuation Services (IVS) of Gaborone, Botswana.

Hydro generation, thermal generation, transmission and distribution assets were valued on a depreciated replacement cost basis. Buildings were valued on open market value basis, except for specialized assets and those in locations where there was no open market, where a depreciated replacement cost basis was used.

The revaluation surplus net of applicable deferred income taxes was credited to revaluation reserve in shareholders' equity. Significant inputs applied by the valuer in revaluation are observable, consequently, directors have classified the fair value exercise as level 2.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the property, plant and equipment as well as the significant unobservable inputs;

Valuation technique	Significant unobservable inputs
The Company has used the Net Replacement Cost Approach (NRCA) to determine the value of its generation assets, distribution assets, transmission assets and buildings. This approach is a common method of valuing specialized as well as non-income producing assets. The Company has used the Market approach for land. NRCA requires that a Gross Replacement Cost (GRC) is ascertained to which a depreciation allowance using the Residual Useful Life (RUL) of the subject asset and other value-affecting factors are charged to arrive at its Depreciated Replacement Cost (DRC) (referred to as the Depreciated Optimized Replacement Cost in Company's valuation report). The GRC is the new or current replacement cost of acquiring a similar asset having similar productive capacities as the existing asset and depreciated according to age, economic obsolescence, and condition of the existing asset.	(i) Selling price of similar pieces of land as subject plots reviewed. (ii) Cost of construction per square-meter (compared with indicative rates provided by the National Construction Council); (iii) Depreciation (usually ranging from 5%, 15% and 30% depending on the type of building); (iv) 2021 Indicative land rates published by the Ministry of Lands, Housing and Human Settlements (for benchmarking land rates).

17. CAPITAL WORK IN PROGRESS

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At start of year	6,871,609	4,535,557	6,848,337	4,517,239
Capitalised borrowing costs	-	5,886	-	5,886
*Transfer from stores	147,105	197,112	147,105	197,112
Expenditure during the year	2,755,298	2,830,866	2,765,582	2,845,208
	9,774,012	**7,569,421**	**9,761,023**	**7,565,445**
Transferred to property, plant and equipment	(1,028,212)	(718,573)	(1,024,513)	(717,108)
At end of year	**8,745,800**	**6,850,848**	**8,736,510**	**6,848,337**

* The Group classifies specific inventory items from inventory to capital work in Progress. These items include Meter stocks, Poles, Transformers, Electric cables, and other electric equipment which are used in construction of transmission and distribution lines and expected to be used for more than one period (12 months). During the year the reclassification resulted into a transfer of TZS 147,105 million (30th June 2022: TZS 197,112 million) from inventory to Capital Work in progress.

18. INTANGIBLE ASSETS

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of year	6,721	9,728	6,712	9,703
Addition during the year		188		188
Addition during the year-subsidiary		12		
Amortization charge	(3,245)	(3,207)	(3,240)	(3,179)
At the end of the year	3,476	6,721	3,472	6,712

The intangible assets contain License and Software (Hiaffinity, Distribution Design, Audit Management, EBG LUKU System, Automatic Meter Reading Software). The License paid to EWURA for Electricity generation, Electricity distribution and cross border trade, Electricity supply, Electricity transmission and cross border trade, each licence will for term of twenty years commencing from 1 March 2013 TANESCO paid Licence fees amounting to USD 240,000 (TZS 557 million), and Software available for the period under reviews.

19. INVESTMENT PROPERTY

During the year ended 30 June 2023, investment property rentals were not recognized as the result of court judgement of which the lessee has been directed by the court to evacuate the premises. Currently, the lessee undergo liquidation and liquidator have been appointed. The Group reclassified the investment property to Property, plant and equipment (PPE).

20. INVESTMENT IN SUBSIDIARIES

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Investment in Tanzania Geothermal Development Company Limited	-	-	37,182	31,283
Investment in ETDCO	-	-	20,000	16,950
Investment in TCPM	-	-	6,520	4,852
Balance at 30 June	**-**	**-**	**63,702**	**53,085**

TGDC is a fully-owned Subsidiary company of TANESCO established on 19 November 2013 to generate power from geothermal sources. ETDCO is also fully owned subsidiary by TANESCO established on 07 June 2016 to carry on the business as construction and maintenance of electrical transmission and distribution networks. TCPM is also fully owned subsidiary by TANESCO established on 16 December, 2014 to carry the business of concrete poles manufacturing.

21. INVESTMENT IN ASSOCIATES

In October 2013, TANESCO entered into an agreement with Shanghai Electric Power Company Limited (SEPC) to establish a new company, which will develop the Kinyerezi III 600MW gas, fired power generation project. In 2014 to date, TANESCO invested TZS 3,184,418,000 (US$1,600,000) which is equivalent to 40% of the share capital of the formed Company, Shangtan Power Generation Company Limited.

The investment is accounted for using the equity method in the consolidated financial statements and carried at cost in the separate financial statements. Due to liquidation procedure of which is in process, the Group did not manage to obtain the financial statements of its associate from which its attributable loss expected to be included in the consolidated financial statement.

21. INVESTMENT IN ASSOCIATE (Continued)

The following table analyses the carrying amount and share of comprehensive loss for the year of the associate.

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Carrying amount of interest in associates	710	702	3,687	3,679
Share:				
Revaluation of exchange rate		8		8
Comprehensive loss for the year				
Balance at 30 June	**710**	**710**	**3,687**	**3,687**

22. OTHER INVESTMENTS

		Group		Company	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		TZS 'm	TZS 'm	TZS 'm	TZS 'm
East African Cables Limited	(a)	102	341	102	341
Songas Limited	(b)	49,162	44,592	49,162	44,592
		49,264	44,933	49,264	44,933
Add: Fair Value changes					
East African Cable Ltd		297	(239)	297	(239)
Songas		(866)	4,570	(866)	4,570
		48,695	**49,264**	**48,695**	**49,264**

As at 30 June 2023, the Company had the following investments:

a) 3,180,000 shares of TZS 10 each in East African Cables (Tanzania) Limited representing 10% of total issued share capital in the company. The company engages in the manufacture and sales of electric cables and conductors as well as distribution of telecom, structured, fibre optic cables and accessories. The fair value of the investment is amounting to a gain of TZS 297 million as the result of Share valuation performed during the period. Therefore, the fair value carrying amount of the investment has been adjusted using a relative approach model.

   A relative approach model is a business valuation method that compares a Company's value to that of its competitors or industry peers to assess the firm's financial worth.

b) 10,000 shares of US$ 100 each in Songas Limited representing 9.56% of total issued share capital of the company. The company engages in the gas processing and transportation and generation of electricity in Tanzania using natural gas from Songosongo Island to generate 190 megawatts (MW). Songas contributes approximately 21% of Electricity consumed in Tanzania. The fair value of the investment is amounting to a loss TZS 866 million) as the result of share valuation performed during the period.

   Equity share of Songas Limited has been valued using Discounted cash flow approach. The discounted cash flow method designed to establish the present value of a series of future cash flows.

   The management believes the recorded fair value represents the current value of investment as at 30 June 2023.

23. CAPACITY CHARGES PREPAYMENT

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of the year	9,293	13,779	9,293	13,779
Amortisation charge	(4,486)	(4,486)	(4,486)	(4,486)
At the end of year	**4,807**	**9,293**	**4,807**	**9,293**

In 2003, TANESCO, as allowed under the "Amended and Restated Shareholders Agreement" relating to the Songo Songo Gas-to-Electricity Project paid to Songas Limited an amount of USD 10 m (TZS 23,040 m) as the prepayment of the amount of Allowance for equity Funds used During Construction (AFUDC). This is being amortised over a period of 20 years from 31st July 2004. The effect of the prepayment is to reduce the rate at which the Company is charged for purchase of electricity from Songas Limited.

In 2009 company paid USD 3m (TZS 6,913m) to Songas Limited for future reduction in capacity charges. Under the same arrangements, World Bank paid USD 42m (TZS 96,768 m) to Songas Limited to reduce capacity charges for 15 years starting 1st August 2009. Grant received from World Bank is off set against capacity charges payable to Songas Limited

24. DEFERRED INCOME TAX (ASSET)/LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The details of the deferred tax are as follows:

Year ended 30 June 2023	**At start of period 2022**	**At end of period 2023**
Group	**TZS 'm**	**TZS 'm**
Deferred income tax liabilities		
Accelerated capital deductions	2,017,779	2,001,783
Revaluations	51,306	51,306
Fair Valuation of loans	31,685	31,685
Fair valuation through OCI	10,056	10,056
Other - subsidiaries	-	-
	2,110,826	2,094,830
Deferred income tax assets		
Tax loss carried forward	(1,158,476)	(1,260,212)
Revaluations	(104,169)	(104,169)
Provisions	(114,422)	(129591)
Other - Subsidiaries	(573)	-
	(1,377,640)	(1,493,972
Net deferred tax asset/(liability)	**733,186**	600,858
Net deferred tax asset not recognized	(1,377,640)	(1,493,972)
Net deferred tax liability recognized	2,110,826	2,094,830
Net deferred tax asset/(liability) reconciled	**733,186**	600,858

24. DEFERRED INCOME TAX (ASSET)/LIABILITY (Continued)

	At start of period TZS 'm	At end of period TZS 'm
Year ended 30 June 2023		
Company		
Deferred income tax liabilities		
Accelerated capital deductions	2,017,271	2,001,275
Revaluations	51,306	51,306
Fair valuation of loans	31,685	31,685
Fair value charges through OCI	10,056	10,056
	2,110,318	2,094,322
Deferred income tax assets		
Tax loss carried forward	(1,158,476)	(1,260,212)
Revaluations	(104,169)	(104,169)
Provisions	(114,422)	(129591)
	(1,377,067)	(1,493,972)
Total deferred tax assets/(liabilities)	733,251	1,349,713
Net deferred tax asset not recognized	(1,377,067)	(1,493,972)
Net deferred tax liability recognized	2,110,318	2,094,322
Deferred tax liabilities) reconciled	**733,251**	**600,350**

Year ended 30 June 2022	**At start of period 2021 TZS 'm**	**At end of period 2022 TZS 'm**
Group		
Deferred income tax liabilities		
Accelerated capital deductions	1,602,437	2,017,779
Revaluations	379,904	51,306
Fair Valuation of loans	31,055	31,685
Fair valuation through OCI	10,056	10,056
Other - subsidiaries	183	-
	2,023,818	2,110,826
Deferred income tax assets		
Tax loss carried forward	(1,112,813)	(1,158,476)
Revaluations	(104,169)	(104,169)
Provisions	(128,159)	(114,422)
Other - Subsidiaries	(379)	(573)
	(1,345,520)	(1,377,640)
Net deferred tax asset/(liability)	1,766,793	733,186
Net deferred tax asset not recognized	(1,345,520)	(1,377,640)
Net deferred tax liability recognized	2,023,818	2,110,826
Net deferred tax asset/(liability) reconciled	**678,494**	**733,186**

24. DEFERRED INCOME TAX (ASSET)/ LIABILITY (Continued)

	At start of period TZS 'm	At end of period TZS 'm
Year ended 30 June 2022		
Company		
Deferred income tax liabilities		
Accelerated capital deductions	1,602,437	2,017,271
Revaluations	379,904	51,306
Fair valuation of loans	31,055	31,685
Fair value charges through OCI	10,056	10,056
	2,023,635	2,110,318
Deferred income tax assets		
Tax loss carried forward	(1,112,813)	(1,158,476)
Revaluations	(104,169)	(104,169)
Provisions	(128,159)	(114,422)
	(1,345,141)	(1,377,067)
Total deferred tax assets/(liabilities)	678,494	733,251
Net deferred tax asset not recognized	(1,345,141)	(1,377,067)
Net deferred tax liability recognized	2,023,635	2,110,318
Deferred tax liabilities) reconciled	**678,494**	**733,251**

25. INVENTORIES

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
General stores and meter stocks	6,654	11,625	4,467	9,463
Engine and vehicle parts	1,218	964	1,218	964
Combustibles	7,829	5,557	7,829	5,557
Others	203	181	203	181
	15,904	**18,327**	**13,717**	**16,165**
Provision for obsolete items	(2,042)	(2,839)	(2,042)	(2,839)
Net inventory balance	**13,862**	**15,488**	**11,675**	**13,326**

The Group reclassifies specific inventory items from inventory to capital work in progress. These items include meter stocks, poles, transformers, electric cables and other electrical equipment which are used in the construction of transmission and distribution lines and expected to be used in more than one period. Reclassification of items of inventory to capital work in progress for the year amounted to TZS 147,104 million (2021: TZS 197,112 million).

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
General trade receivables	220,368	214,729	175,535	196,435
Government trade receivables	332,629	299,384	332,629	299,384
	552,997	**514,113**	**508,164**	**495,819**
Allowance for ECLs/impairments*	(385,097)	(345,256)	(382,781)	(343,644)
Net trade debtors	**167,900**	**168,857**	**125,383**	**152,175**
Other debtors:				
Project WIP	4,600	12,715		
Loan material to contractors	3,686	7,113	3,686	7,113
Chargeable works orders	3	-	3	-
Receivable from IPTL	2,978	2,978	2,978	2,978
Deposits	327	327	327	327
Staff debtors	1,136	1,101	919	929
Intercompany receivable	-	-	141	4,642
Value Added Tax recoverable	869	(7,198)	(493)	(8,657)
Material held for sale	11,533		11,533	
Sundry debtors	73,311	80,143	73,258	80,143
	98,443	**97,179**	**92,352**	**87,475**
Provision for other receivables (impairment)	(52,703)	(41,754)	(52,703)	(41,754)
Net other debtors	**45,740**	**55,425**	**39,649**	**45,721**
Net total debtors	**213,640**	**224,282**	**165,031**	**197,896**

The company Government trade receivable includes outstanding debt from ZECO amounting to TZS 249 billion which is under dispute. ZECO did not agree on the approved energy charged tariff imposed by EWURA from January 2008. The discussion between Government, ZECO and TANESCO on the proposed applicable tariff have been concluded, and subsequent procedures to effect application of the tariff are underway.

The Company exposure to credit and market risks and impairment losses related to trade receivable are disclosed into note 8(b).

	Group		Company	
Movement in ECLs/impairment	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start: 1st July	189,441	189,093	187,829	187,829
At the start: 1st July Restated	**189,441**	**189,093**	**187,829**	**187,829**
Increase/(decrease) in ECLs	42,599	12,024	41,896	11,676
At the end: 30 June 2023	**232,040**	**201,117**	**229,725**	**199,505**

The ECLs are based on the Company's provisioning model. The impairment has been done based on Government and Private Entities assumed that the segments share homogenous risk characteristics.

The model considers the historical default of 30 and 120 days for private and government entities respectively. Government entities' loss rate computation applies a minimum 10% Loss Given Default due to subsequent recovery from outstanding government bills. For private entities' loss rate computation, the computed repayment rate is capped at 100% for any given month.

The ECLs Model assumed no write-off criteria has been applied to government outstanding bills while Private entity bills above 120 days write off criteria was applied.

27. BANK AND CASH BALANCES

a. Cash and cash equivalents in the statement of financial position

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cash	271	494	270	153
Bank balances	501,720	438,486	455,287	429,224
Gross cash and bank balances	**501,991**	**438,981**	**455,557**	**429,377**
Expected credit losses:	-		-	
At 1st July	**(412)**	**(292)**	(412)	**(292)**
		-	-	-
At 1st July-	(412)	(292)	(412)	(292)
Decrease/(increase)	213	(121)	213	(120)
At 30 June 2023	**(199)**	**(413)**	**(199)**	**(412)**
Net Carrying amount	501,792	438,568	455,358	428,965

The expected credit loss is calculated as the product of the probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The EAD is amortized cost value of the respective deposit. We have used the Standard and Poor (S&P) Global Recovery rates to determine the Loss given default (LGD).

We have used the Standard and poor (S&P) Marginal Corporate Probability of default to determine the PD for the corporates and Standard and Poor (S&P) Marginal Sovereign probability of default to determine PD for the country.

The bank balances are low credit risk assets as there is no history of default and the banks are regulated by Bank of Tanzania which monitors the financial performance and standing of the banks.

The carrying amount disclosed above reasonably approximate fair value at the reporting date.

28. (a) SHARE CAPITAL

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Authorised:				
120,000,000,000 ordinary shares of TZS 20 each	6,400,000	2,400,000	6,400,000	2,400,000
Issued and fully paid:				
197,904,793,725 ordinary shares of TZS 20 each	3,958,096	1,131,368	3,958,096	1,131,368

All the issued and fully paid shares are owned by the Government.

(b) ADVANCES TOWARDS SHARE CAPITAL

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At start of the year	602,396	426,572	602,396	426,572
Transferred to share capital	(425,625)		(425,625)	
Recognition of the Symbion		175,525		175,525
Received during the year		299		299
Reclassified to Grant	(175,525)		(175,525)	
At the end of year	**1,246**	**602,396**	**1,246**	**602,396**
Amount received during the year /period is made up of;				
Cash receipts	-	299	-	299
Recognition of the Symbion Power from MEM	-	175,525	-	175,525
	-	**175,823**	-	**175,823**

The advances toward share capital as at 30 June 2023 represent cash received from the Government of Tanzania, during the year no cash received and treated as advance toward share capital.

Nature of reserves

(i) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the assets are de-recognised or impaired. During the period reported TZS 23,882 million as fair valuation reserves consist of fair valuation reserve of financial assets and fair valuation of Defined Benefit Plan.

(ii) Revaluation reserve

The revaluation reserves relate to the revaluation of property, plant and equipment. The company recorded TZS 4,373,312 million as the Asset Revaluation reserves.

29. GRANTS

Group

Donor	Project	1 July 2022	Addition	Advance toward Share Capital (Reclass	Reclass to Revenue Grants	Refund to KWF	Amortisation /Refund	30 June 2023
		TZS 'm	TZS 'm		TZS 'm	TZS 'm	TZS 'm	TZS 'm
SIDA	Refer (i)	2,091					(129)	1,963
Oret (Government of Netherlands)	Refer (ii)	18,361					(2,081)	16,280
TEDAP	Refer (iii)	180,521					(5,534)	174,987
SongoSongo	Refer (iv)	11,946					(571)	11,375
Japanese	Refer (v)	23,054					(810)	22,243
Treasury-Emergency Power	Refer (vi)	178,372					(11,925)	166,447
Treasury	Refer (vii)	3,290,368	548,145				(70,677)	3,767,836
World Bank	Refer (viii)	7,686					(3,689)	3,997
Orio	Refer (ix)	21,259					(1,084)	20,174
JICA Rehab KL	Refer (x)	28,891					(719)	28,173
MCC T&D	Refer (xi)	138,598					(3,995)	134,604
DCC	Refer (xii)	39,428					(1,445)	37,983
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	335,069					(21,250)	313,819
Rufiji Hydro Power Project	Refer (xv)	4,083,096	1,511,135		(38,541)			5,555,691
KFW Geita Nyakanazi	Refer (xvi)	47,439	10,297			(755)	(872)	56,108
Hale Rehabilitation (SIDA)	Refer (xvii)	8,441						8,441
SGR Transmission line	Refer (xviii)	53,812	10,875				(1,475)	63,212
MV Received from TRA	Refer (xix)	102					(17)	85
MV Received from REA	Refer (xx)		645				(54)	591
Ubungo III Gas Power Plant	Refer (xxi)			175,524			(10,874)	164,651
TGDC & ETDCO	Refer (xix)	21,088					(224)	20,864
		8,489,620	2,081,097	175,524	(38,541)	(755)	(137,424))	10,569,524

28. GRANTS (Continued)

Company

Donor	Project	1st July 2022	Addition	Advance toward Share Capital (Reclass	Reclass to Revenue Grants	Refund to KWF	Amortisation /Refund	30 June 2023
		TZS 'm	TZS 'm	TZS'm	TZS'm	TZS 'm	TZS 'm	TZS 'm
SIDA	Refer (i)	2,091					(129)	1,963
Oret (Government of Netherlands)	Refer (ii)	18,361					(2,081)	16,280
TEDAP	Refer (iii)	180,521					(5,534)	174,987
SongoSongo	Refer (iv)	11,946					(571)	11,375
Japanese	Refer (v)	23,054					(810)	22,243
Treasury-Emergency Power	Refer (vi)	178,372					(11,925)	166,447
Treasury	Refer (vii)	3,290,368	548,145				(70,677)	3,767,836
World Bank	Refer (viii)	7,686					(3,689)	3,997
Orio	Refer (ix)	21,259					(1,084)	20,174
JICA Rehab KL	Refer (x)	28,891					(719)	28,173
MCC T&D	Refer (xi)	138,599					(3,995)	134,604
DCC	Refer (xii)	39,428					(1,445)	37,983
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	335,069					(21,250)	313,819
Rufiji Hydro Power Project	Refer (xv)	4,083,096	1,511,135		(38,541)		(38,541)	5,555,691
KFW Geita Nyakanazi	Refer (xvi)	47,439	10,297			(755)	(871)	56,108
Hale Rehabilitation (SIDA)	Refer (xvii)	8,441						8,441
SGR Transmission Line	Refer (xviii)	53,812	10,875				(1,475)	63,212
M/V Received from TRA	Refer (xix)	102					(17)	85
Vehicles grant from REA	Refer (xx)		645				(54)	591
Ubungo III Gas Power Plant	Refer (xxi)			175,524			(10,874)	164,651
		8,468,535	**2,081,097**	**175,524**	**(38,541)**	**(755)**	**(137,202)**	**10,548,660**

2022
Group

Donor	Project	1 July 2021	Addition	Advance toward Share Capital (Reclass	Reclass to revenue Grant	Amortisation	30 June 2022
		TZS 'm	TZS 'm			TZS 'm	TZS 'm
SIDA	Refer (i)	2,220				(129)	2,091
Oret (Government of Netherlands)	Refer (ii)	20,442				(2,081)	18,361
TEDAP	Refer (iii)	186,055				(5,534)	180,521
SongoSongo	Refer (iv)	12,517				(571)	11,946
Japanese	Refer (v)	23,864				(810)	23,054
Treasury-Emergency Power	Refer (vi)	190,297				(11,925)	178,372
Treasury	Refer (vii)	2,917,809	438.137			(65,579)	3,290,368
World Bank	Refer (viii)	11,375				(3,689)	7,686
Orio	Refer (ix)	22,343				(1,084)	21,259
JICA Rehab KL	Refer (x)	29,610				(719)	28,891
MCC T&D	Refer (xi)	142,594				(3,995)	138,598
DCC	Refer (xii)	40,873				(1,445)	39,428
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	356,319				(21,250)	335,069
Rufiji Hydro Power Project	Refer (xv)	2,825,262	1,358,367		(100,533)		4,083,096
KFW Geita Nyakanazi	Refer (xvi)	28,625	18,815				47,439
Hale Rehabilitation (SIDA)	Refer (xvii)	8,441					8,441
SGR Transmission line	Refer (xviii)	53,399	1,888	(1,475)			53,812
TGDC & ETDCO	Refer (xix)	21,315				(227)	21,088
M.V Received from TRA	Refer(xx)		102				102
		6,893,361	**1,817,309**	**(1,475)**	**(100,533)**	**(119,042)**	**8,489,620**

29. GRANTS (Continued)

2022
Company

Donor	Project	1st July 2021	Addition	Advance toward Share Capital (Reclass	Reclass to revenue Grant	Amortisation	30June 2022
		TZS 'm	TZS 'm			TZS 'm	TZS 'm
SIDA	Refer (i)	2,220				(129)	2,091
Oret (Government of Netherlands)	Refer (ii)	20,442				(2,081)	18,361
TEDAP	Refer (iii)	186,055				(5,534)	180,521
SongoSongo	Refer (iv)	12,517				(571)	11,946
Japanese	Refer (v)	23,864				(810)	23,054
Treasury-Emergency Power	Refer (vi)	190,297				(11,925)	178,372
Treasury	Refer (vii)	2,917,809	438,137			(65,579)	3,290,368
World Bank	Refer (viii)	11,375				(3,689)	7,686
Orio	Refer (ix)	22,343				(1,084)	21,259
JICA Rehab KL	Refer (x)	29,610				(719)	28,891
MCC T&D	Refer (xi)	142,594				(3,995)	138,599
DCC	Refer (xii)	40,873				(1,445)	39,428
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	356,319				(21,250)	335,069
Rufiji Hydro Power Project	Refer (xv)	2,825,262	1,358,367		(100,533)	-	4,083,096
KFW Geita Nyakanazi	Refer (xvi)	28,625	18,815			-	47,439
Hale Rehabilitation (SIDA)	Refer (xvii)	8,441				-	8,441
SGR Transmission Line	Refer (xviii)	53,399	1,888			(1,475)	53,812
M/V Received from TRA	Refer(xx)		102				102
		6,872,045	**1,817,309**		**(100,533)**	**(120,287)**	**8,468,534**

29. GRANTS (Continued)

	Group		Company	
(i) SIDA	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	20 June 2022 TZS 'm
Electrification of Urambo	548	583	548	583
Electrification of Serengeti	1,544	1,637	1,544	1,637
132 kV TL Makambako and Songea electrification				
Advance toward Share Capital				
Amortisation charge	(129)	(129)	(129)	(129)
At the end of the year	**1,963**	**2,091**	**1,963**	**2,091**
(ii) ORET (Government of Netherlands)				
Optical fibre cable communication system	4,307	5,264	4,307	5,264
45MW Tegeta Plant	14,054	15,179	14,054	15,179
Amortisation charges	(2,081)	(2,081)	(2,081)	(2,081)
At the end of the year	**16,280**	**18,361**	**16,280**	**18,361**
(iii) TEDAP (Projects 4370 TA)				
Transmission and Distribution systems - opening	180,521	186,055	180,521	186,055
Reclassified during the year		-		-
Amortisation charges	(5,534)	(5,534)	(5,534)	(5,534)
At the end of the year	**174,987**	**180,521**	**174,987**	**180,521**
(iv) SongoSongo (Projects 3569 TA)				
Wayleave Village Electrification Scheme (WVES)	11,946	12,517	11,946	12,517
Amortisation charges	(571)	(571)	(571)	(571)
At the end of the year	**11,375**	**11,946**	**11,375**	**11,946**
(v) Japanese Grant				
Transmission and Distribution Systems	23,054	23,864	23,054	23,864
Amortisation charges	(810)	(810)	(810)	(810)
At the end of the year	**22,243**	**23,054**	**22,243**	**23,054**
(vi) Treasury - Emergency Power				
Ubungo II Gas Plant (100MW)	93,781	100,248		100,248
Mwanza Plant (60MW)	84,592	90,049		90,049
Amortization charges	(11,925)	(11,925)		(11,925)
At the end of the year	**166,447**	**178,372**		**178,372**

29. GRANTS (Continued)

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 202 TZS 'm	30 June 2023 TZS 'm
(vii) Treasury				
1. Treasury -Wartisila &Thermo Generators				
EPP- Wartisila	42,857	46,584	42,857	46,584
Mbinga Gen Sets	2,099	2,320	2,099	2,320
Ludewa Gen Sets	1,678	1,854	1,678	1,854
Kigoma Gen Sets	7,703	8,373	7,703	8,373
Kasulu Gen Sets	4,768	5,150	4,768	5,150
Kibondo Gen Sets	4,865	5,254	4,865	5,254
Sumbawanga Gen Sets	7,424	8,018	7,424	8,018
Loliondo Gen Sets	8,377	9,047	8,377	9,047
At the end of the year	**79,770**	**86,599**	**79,770**	**86,599**
2. Treasury- Rural electrification projects				
Rural electrification	4,090	4,338	4,090	4,338
Electrification Makambako	103	107	103	107
Electrification Makambako2	45,425	46,620	45,425	46,620
Electrification Mbinga	447	463	447	463
Electrification of Msoga	139	144	139	144
Electrification of Magindu	178	183	178	183
Electrification of Mgwashi	584	602	584	602
Electrification of Malya/Sumve	499	515	499	515
Electrification of Mbewe	184	190	184	190
Electrification of Bukombe and Kagera village	127	132	127	132
Electrification of Kilolo	1,316	1,359	1,316	1,359
Electrification of Simanjiro	164	170	164	170
Electrification of Mchinga	628	652	628	652
Electrification of Tarime	72	75	72	75
Electrification of Ludewa	260	270	260	270
Electrification of Ihanja	540	558	540	558
Electrification of Bukene	76	79	76	79
Electrification of Mvumi	95	98	95	98
Electrification of Berege	49	50	49	50
Sub total	**54,976**	**56,605**	**54,976**	**56,605**

29. GRANTS (Continued)

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2023 TZS 'm
Subtotal continued	**54,976**	**56,605**	**54,976**	**56,605**
Electrification of Mkinga	59	61	59	61
Electrification of Uyui	1,013	1,051	1,013	1,051
Electrification of Bahi	1,150	1,194	1,150	1,194
Electrification of Matema beach	466	483	466	483
Power supply to Chief Osward Mang'ombe	129	133	129	133
Electrification of Ngage B	256	265	256	265
Power supply to Mto wa mbu	227	235	227	235
Electrification of Tabora-Kaliua	22	23	22	23
Electrification of Bunda	316	327	316	327
Electricity V Project	80	83	80	83
Konga, Mererani and Pangani water pumps	116	120	116	120
Electrification of Tungamalenga and electricity villages	99	103	99	103
Kigoma Generators	838	905	838	905
Electrification of Kilindi	1,181	1,224	1,181	1,224
Wayleave Villages electrification	523	542	523	542
Rural Electrification projects	16,730	17,208	16,730	17,208
GVT Kinyerezi Financing 185 MW	203,629	174,323	203,629	174,323
GVT Kinyerezi Financing 185 MW	218,799	231,670	218,799	231,670
GVT Kinyerezi Financing 240 MW	321,074	333,545	321,074	333,545
REA Funded Projects	14,174	14,579	14,174	14,579
REA funded Projects Phase I	102,903	106,620	102,903	106,620
REA funded Projects Phase II	681,804	702,464	681,804	702,464
REA II Mtwara/Lindi	23,438	24,108	23,438	24,108
REA Phase II Additional Works	43,050	41,513	43,050	41,513
REA Densification	60,085	61,706	60,085	61,706
REA VEI-BTIP	51,699	51,312	51,699	51,312
GVT Financing North west Grid	2,400	2,400	2,400	2,400
GVT Financing Iringa Shinyanga - Backbone	220	220	220	220
REA Electrification Sagamaganga Vilages A&B	143	147	143	147
Mpanda Generating Sets II	389	408	389	408
Electrification Majengo Village & Secondary	211	217	211	217
Electrification Njiro Arusha	20	21	20	21
Electrification Biharamulo/Ngara/Mpanda	9,188	9,450	9,188	9,450
GVT Financing Orio contribution	10,063	10,350	10,063	10,350
GVT Financing TEDAP contribution	1,904	1,959	1,904	1,959
REA Funding additional rural Electrif	9,361	9,628	9,361	9,628
REA III round one	895,249	852,401	895,249	852,401

29. GRANTS (Continued)

		Group		Company	
		30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
	REA Peri- Urban	155,302	131,897	155,302	131,897
	REA Ifakara Substation	14,928	11,515	14,928	11,515
	REA Supply of Power to military towers	2,552	2,631	2,552	2,631
	REA Densification 2A	88,256	69,080	88,256	69,080
	REA III round two	488,240	209,265	488,240	209,265
	Pole testing equipment	630	630	630	630
	Electrification of rural health and water facilities	2,720		2,720	
	Electrification of small scale mining,industry	19,540		19,540	
	Sub total	**3,500,150**	**3,134,620**	**3,500,150**	**3,134,620**
3.	**Treasury- Transmission Line**				
	Construction of T/L from Mahumbika - Lindi	1,937	1,979	1,937	1,979
	Kenya- Tanzania Power Interconnector (KTPIP)	55,046	54,892	55,046	54,892
	Rusumo- Nyakazi 400 kV T/L	5,200	5,200	5,200	5,200
	Bulyahulu - Geita 200 KV T/L	2,198	2,244	2,198	2,244
	Nyakanazi- Kigoma 400 KV T/L	3,391	3,391	3,391	3,391
	Tanzania-Zambia 400k KV T/L	16,430		16,430	
	Chalinze-Dodoma 400 KV T/L	9,416		9,416	
	Mazungwe-Kidahwe 132 KV T/L	121		121	
	Sub Total	**93,739**	**67,706**	**93,739**	**67,706**
4.	**Ruhudji and Rumakali Hydro Power Plant**				
	At Start of the year/period	1,141		1,141	
	Additions		1,141		1,141
	Amortisation charges		-		-
	Sub total	**1,141**	**1,141**	**1,141**	**1,141**
5.	**Malagarasi Hydro Power Plant**				
	At Start of the year/period	301		301	
	Additions		**301**		**301**
	Amortisation charges		-		-
	Sub total	**301**	**301**	**301**	**301**

		Group		Company	
		30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
	Kishapu Solar Power Plant				
	At the stary of the year/period				
	Additions	1,825		1,825	
	Ammortisation charge				
	Subtotal	**1,825**		**1,825**	
	Grid Imara				
	Ubungo-Kunduchi-Ununio TL and GIS Substation	2,134		2,134	
	132KV Gongolamboto-Mbaga TL	7,439		7,439	
	132Kv underground cable from Ilala to Kurasini	1,391		1,391	
	33KV Nyakanazi-Kakonko-Biharamulo including regulating 20MVA transformer at Kasulu	4,399		4,399	
	132KV Tabora-Kigoma TL and associate Substation	9,521		9,521	
	132KV Tabora-Katavi TL and associate Substation	66,025		66,025	
		90,908		**90,908**	
	Grand total	**3,767,836**	**3,290,368**	**3,766,011**	**3,290,368**
	WORLD BANK - Songas Capacity Charges buydown				
(viii)	Capacity Charges buydown	7,686	11,375	7,686	11,375
	Amortisation charges	(3,689)	(3,689)	(3,689)	(3,689)
	At the end of year	3,997	**7,686**	3,997	**7,686**
	ORIO				
(ix)	At the start of the year	21,259	22,343	21,259	22,343
	Additions				-
	Amortisations charges	**(1,084)**	(1,084)	**(1,084)**	(1,084)
	At the end of the year	**20,174**	**21,259**	**20,174**	**21,259**
	JICA Rehabilitation				
(x)	Received	28,891	29,610	28,891	29,610
	Amortisation charges	(719)	(719)	(719)	(719)
	At the end of the year	**28,173**	**28,891**	**28,173**	**28,891**

		Group		Company	
		30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
	MCC T &D				
(xi)	Deferred capacity charges	138,599	142,594	138,599	142,594
	Amortisation charges	(3,995)	(3,995)	(3,995)	(3,995)
	At the end of the year	**134,604**	**138,599**	**134,604**	**138,599**
	DCC				
(xii)	At the start of the year	39,428	40,873	39,428	40,873
	Additions				
	Amortisation charges	(1,445)	(1,445)	(1,445)	(1,445)
	At the end of the year	**37,983**	**39,428**	**37,983**	**39,428**
(xiv)	**Kinyerezi II 240MW Gas Power Plant**				
	At the start of the year	335,069	356,319	335,069	356,319
	Additions				
	Amortisation charges	(21,250)	(21,250)	(21,250)	(21,250)
	At the end of the year	**313,819**	**335,069**	**313,819**	**335,069**
(xv)	**JNHPP Project**				
		TZS 'm	TZS 'm	TZS 'm	TZS 'm
	At the start of the year	**4,183,629**	2,825,262	**4,183,629**	2,825,262
	Additions	1,511,135	1,358,367	1,511,135	1,358,367
	Amortisation charges				
	At the end of the year	5,694,764	**4,183,629**	5,694,764	**4,183,629**

(xvi) KFW& EU Geita Nyakanazi

	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
At the start of the year	47,439	28,625	47,439	28,625
Additions	10,297	18,815	10,297	18,815
Refund	(755)		(755)	
Amortisation charges	(872)		(872)	
At the end of the year	**56,108**	**47,439**	**56,108**	**47,439**

(xvii) Hale Rehabilitation (SIDA)

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023	30 June 2022 TZS 'm
At the start of the year	8,441	8,441	8,441	8,441
Additions		-		-
Amortisation charges		-		-
At the end of the year	**8,441**	**8,441**	**8,441**	**8,441**

(xviii) SGR Transmission line

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023	30 June 2022 TZS 'm
At the start of the year	53,812	53,399	53,812	53,399
Additions	10,875	1,888	10,875	1,888
Amortisation charges	(1,475)	(1,475)	(1,475)	(1,475)
At the end of the year	**63,212**	**53,812**	**63,212**	**53,812**

(xix) TGDC & ETDCO

At the start of the year		21,315		
Additions			-	-
Amortisation charges		(230)		
At the end of the year		**21,085**	-	-

(xx) Motor Vehicle received from TRA

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
At the start of the year	102		102	
Additions		102		102
Amortisation charges	(17)		(17)	
At the end of the year	**85**	**102**	**85**	**102**

Vehicles Grant from REA				
At the start of the year				
Additions	648		648	
Amortisation charges	(54)		(54)	
At the end of the year	**594**		**594**	
Ubungo III Gas Power Plant				
At the start of the year				
Additions	175,524		175,524	
Amortisation charges	**(10,874)**		**(10,874)**	
At the end of the year	**164,651**		**164,651**	

30. BORROWINGS

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Loans (i)	276,780	1,838,634	276,780	1,838,634
Less: Current portion	(3,329)	(398,794)	(3,329)	(398,794)
Non-current portion	**273,451**	**1,439,840**	**273,451**	**1,439,840**

During the period the company has converted Government Loan to equity amounting to TZS 1,620,054million including Songas deferred capacity charge amounting to TZS 603,227 million.

30. BORROWINGS

The loan movements during the year for the Group and Company is summarized below;

Loan (Figures in TZS'm)	Ref	Balance as at 1st July 2022	Addition during the year	Fair value adjustment	Interest	Prior year adjustment	Exchange gains/ losses	Interest Paid	Principal paid	Transfer to Share capital	Balance as at 30 June 2023
		TZS 'm		TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Government Loan	a.	121,299								(121,299)	-
ING Bank - Optical Fibre	b.	54,979			1,642	2,480					59,100
ING Bank - Tegeta 45MW	c.	36,512								(36,512)	-
IDA Credit 3569 TA - SongoSongo	d.	10,858			462	41					11,361
EDCF-TEDAP	e.	27,349								(27,349)	-
ADF-Electricity V	f.	32,807			671	834	1,835	(671)			35,475
EDCF-KOREA (BTIP)	g.	38,674								(38,674)	-
EIB - BITP	h.	113,389								(113,389)	-
IDA Credit 4798 TA -BTIP	i.	75,425			1,308	2,091	4,057	(1,308)			81,573
ADF - BTIP	j.	80,593								80,593	-
JICA - BTIP	k.	60,216								60,216	-
On Lending Standard Bank	l.	376,426								(376,426)	-
On Lending Ida - 3297,809.370 Years	m.	142,807								(142,807)	-
BADEA	n.	17,507									-
TIB Bridge facility	o.	11,954			1,164			(1,344)	(8,455)	-	3,329
30 DAYS NMB Loan Facility	p.	32,556	8,465		569		1,025	(931)	(41,684)		-
ADF-KTPIP	q.	138,028	30,581		430	(1,947)				(138,038)	29,064
JICA-KTPIP	r.	94,322	25,113	(4,771)	2	(8,200)	221			(94,322)	12,365
ADF-RUSUMO	s.	17,838	8,250	(1,628)	83	64	121	(83)		(17,838)	6,808
AFD Geita Nyakanazi	t.	19,212	7,901	(354)		20	132			(19,212)	7,699
OFID Bulyahulu Geita	u.	20,117								(20,117)	-
AFD Grid Rehab & Upgrade project	v.	23,588								(23,588)	-
ADF Nyakanazi Kigoma	w.	32,443	24,384		650	923				(32,443)	25,957
IDA Credit - TAZA	x.	243,399								(243,399)	-
ADF - TANESCO Solar Development Project	y.	15,722								(15,722)	-
ADF - Malagarasi Hydro Power Plant	z.	613	428	(54)	4	1	6	(4)		(613)	381
AGTF Malagarasi HydroPower Project	aa.		3,931	(320)	41	2	57	(41)			3,670
		1,838,633	109,053	(7,127)	7,024	(2,666)	6,429	(4,372)	50,139	(1,620,054)	276,780

30. BORROWINGS (Continued)

The loan movements during the year for the Group and Company is summarized below;

Loan (Figures in TZS'm)	Ref	Balance as at 1st July 2021	Addition during the year	Fair value adjustment	Interest	Prior year adjustment	Exchange gains/ losses	Discount unwinding	Principal paid	Interest paid	Balance as at 30 June 2022
		TZS 'm		TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Government Loan	a.	117,030			4,268						121,299
ING Bank - Optical Fibre	b.	60,273			1,571		(6,865)				54,979
ING Bank - Tegeta 45MW	c.	41,206					(4,693)				36,512
IDA Credit 3569 TA - SongoSongo	d.	14,820			460		(4,422)				10,858
EDCF-TEDAP	e.	25,845			5		(69)	1,567			27,349
ADF-Electricity V	f.	30,962			167		156	1,522			32,807
EDCF-KOREA (BTIP)	g.	36,545			7		(97)	2,220			38,674
EIB - BITP	h.	125,809			2,779		(15,290)	90			113,389
IDA Credit 4798 TA -BITP	i.	76,744					(4,738)	3,419			75,425
ADF - BITP	j.	71,036	16,424	(3,972)			(5,105)	2,211			80,593
JICA - BITP	k.	71,438			10		(13,595)	2,364			60,216
On Lending Standard Bank	l.	361,154			14,941		331				376,426
On Lending Ida - 3297,809.370 Years	m.	133,062			2,367		121	7,257			142,807
BADEA	n.	16,037	1,630	(382)			(48)	270			17,507
TIB Bridge facility	o.	19,257			2,297				(7,303)	(2,297)	11,954
30 DAYS NMB Loan Facility	p.	7,659	59,589		717		446		(35,500)	(355)	32,556
ADF-KTPIP	q.	117,545	31,982	(5,371)	1,174		(8,517)	1,215			138,028
JICA-KTPIP	r.	82,209	45,323	(15,417)	14		(20,430)	2,625			94,322
ADF-RUSUMO	s.	8,285	14,489	(4,609)	154		(761)	279			17,507
AFD Geita Nyakanazi	t.	13,250	8,775	(695)	170		(2,531)	243			19,212
OFID Bulyahulu Geita	u.	19,687			230		(54)	254			20,117
AFD Grid Rehab & Upgrade project	v.	25,969			327		(2,994)	286			23,588
ADF Nyakanazi Kigoma	w.	4,538	27,171		844		(110)				32,443
IDA Credit - TAZA	x.	21,671	245,998	(23,951)	-		(587)	267			243,399
AFD - TANESCO Solar Development Project	y.		21,311	(5,873)	-		110	175			15,722
ADF - Malagarasi Hydro Power Plant	z.		778	(171)	4		(2)	4			613
		1,502,031	473,470	(60,442)	32,508		(89,746)	26,267	(42,803)	(2,652)	1,838,633

30. BORROWINGS (Continued)

TERMS AND CONDITIONS ON BORROWINGS

a) This is the balance of the amount that was converted into equity on 1st January 2004. It is owed to the Government. This amount is repayable in 9 equal instalments starting 31st December 2008 after a grace period of 2 years. It bears the interest of 6.5% per annum. This loan is unsecured. The loan was fair valued on initial recognition.

No any repayment for the loan has been made since 2008, the loan has been classified as current. The loan agreement contains a covenant stating that the Government may by notice to TANESCO call for immediate repayment of the balance for the time being outstanding of the loan amount if TANESCO defaults for a period of 30 days in repayment of any amount due of the loan amount. In 5 August 2022, the full balance of the loan converted to share capital by the Cabinet

b) The loan from ING Bank was received through the Government for the Optic Fibre Project. It is denominated in Euros and carries an interest of 5% per annum. The loan is repayable in twenty (20) equal instalments of Euro 645,317.55 from 30 December 2007 and it was expected to be fully repaid by 31st July 2017. In 5 August 2022, the full balance of the loan converted to share capital by the Cabinet but wait no objection from Registrar of Treasury to proceed with conversion.

c) This loan from ING Bank was received through the Government for the Tegeta 45 MW Project. It is denominated in Euros. No repayment of the loan has been made hence in 5 August 2022, the full balance of the loan converted to share capital by the Cabinet.

d) This loan from IDA was received through the Government for implementation of parts C.3 and C.5 of Songo Songo Island Project. The loan is denominated in SDR and carries an interest rate of 7.1% per annum and is repayable in 20 equal annual instalments of SDR 36,964.23 which started from 30 April 2012. No repayment for the loan has been made, this makes the Government through Cabinet, to convert the loan to share capital in 5th August 2022. This loan reported as outstanding because still wait clearance from Registrar of Treasury to complete conversion process.

e) This loan from Economic Development Cooperation Fund (EDCF) of the Government of the Republic of Korea was received through the Government for the implementation of construction of the 132kV Transmission Line from Kilimanjaro to Arusha and the Rehabilitation of Kiyungi Substation under TEDAP. The loan is donated in US Dollars and carries an interest rate of 0.01% per annum and is repayable in 50 semi-annual instalments starting from year 2022. In 5th August 2022, the full balance of the loan converted to share capital by the Cabinet.

f) This loan from African Development Fund (ADF) was received through the Government to finance Electricity V project. The loan is denominated in UA and carries an interest of 1% per annum for first 20 years after a grace period of 10 years and 3% per annum thereafter; the loan is repayable for a period of 40 years starting from year 2022. Government through Cabinet, convert this loan to share capital in 5th August 2022. This loan reported as outstanding because still waiting clearance from Registrar of Treasury to complete conversion process.

30. BORROWINGS (Continued)

TERMS AND CONDITIONS ON BORROWINGS

g) This loan from Economic Development Cooperation Fund (EDCF) by the Government of the Republic of Korea was received through the Government for the implementation of construction of the 400kV Transmission Line from Iringa to Shinyanga and construction of Substations at Iringa, Dodoma, Singida and Shinyanga under the Backbone Transmission Investment Project (BTIP). The loan is denominated in USD and carries an interest rate of 0.01% per annum and is repayable in 50 semi-annual instalments starting from year 2022. the full balance of the loan converted to share capital by the Cabinet in 5th August 2022.

h) European Investment Bank (EIB) - This loan was received through the Government of Tanzania for the implementation of construction of a 400kV Transmission Line from Singida to Shinyanga under the BTIP. The loan is disbursed in EURO and carries an interest rate 2.9% per annum repayable semi-annually for a period of 25 years, after five years' grace period, starting 2020. In 5th August 2022, the full balance of the loan converted to share capital by the Cabinet.

i) IDA Credit 4798 - This loan from IDA was received through the Government of the United Republic of Tanzania for the implementation of construction of a 400kV Transmission Line from Iringa to Dodoma under BTIP. The loan is denominated in SDR and carries an interest rate of 1% per annum from 15 August 2020 to 15th February 2030 and 2% from 15 August 2030 to 15th February 2050 repayable semi-annually for a period of 40 years starting 2020.

j) ADF - BITP This loan from African Development Fund (ADF) was received through the Government of the United Republic of Tanzania for the implementation of construction of a 400kV Transmission Line from Dodoma to Singida under the BTIP. The loan is denominated in UA and carries an interest of 1% per annum for first 20 years after a grace period of 10 years and 3% per annum thereafter; the loan is repayable for a period of 40 years starting from year 2022. However dully signed amortization schedule has applied the rate of 0.75% throughout the loan period, and for this financial report amortization schedule apply. In 5 August 2022, the full balance of the loan converted to share capital by the Cabinet.

k) JICA - BITP - This loan is from Japan International Cooperation Agency (JICA) was received through the Government of the United Republic of Tanzania to finance the BITP. The loan is denominated in Japanese Yen and carries an interest of 0.01% per annum including a grace period of 10 years repayable semi-annually for a period of 40 years stating 2021. In 5 August 2022, the full balance of the loan converted to share capital by the Cabinet.

l) Government on lent Standard Bank, this loan was received from Government. The Company is required to pay the principal amount of the facility in semi-annual instalment for a period of 5 years including a grace period of 2 years. This facility carries an interest of 6% plus 6 Month LIBOR. The interest rate started accruing from the date the loan was disbursed: 15 August 2013. The loan is denominated in US Dollars. No repayment for the interest has been made. In 5 August 2022, the full balance of the loan converted to share capital by the Cabinet.

30. BORROWINGS (Continued)

TERMS AND CONDITIONS ON BORROWINGS (Continued)

m) Government on lent IDA (Credit No. 5215 - TZ), this loan received from the Government with grace period of 10 years and payable for 30 years its interest rate is as follows; from 15 August 2023 to 15th February 2033 interest 1% and from 15 February 2033 - 15 February 2053 interest is 2%. The amount received in 2013 was US Dollars 100,000,000. In 5 August 2022, the full balance of the loan converted to share capital by the Cabinet.

n) Government on lent the loan to TANESCO during the year. This loan was lent from The Arab Bank for Economic Development in Africa (BADEA) dated January 16 2011 at an interest rate of 1%. The loan is denominated in US Dollar. The repayment period is 40 years from 2026 to 2046 after 10 years grace period. The loan is for financing the Geita electrification project. In 5 August 2022, the full balance of the loan converted to share capital by the Cabinet.

o) This is a short-term loan from the TIB Development Bank Limited in association with other lenders. The interest is charged at 16%. The repayment period of the loan is 8 months from the disbursement date. The loan is in Tanzanian shillings. The loan was acquired purposely for financing the cost of resettlement action plan including compensation costs covering 198 Kilometers from Somanga Fungu, Kilwa District to Kinyerezi, Ilala District, Dar es Salaam. The loan has been secured by creating a specific debenture which has created a first ranking charge over Ubungo II Power Plants assets both movable and immovable.

p) This is a short-term loan from National Bank of Commerce (NBC) received during the period. The loan is charged interest at 16.5% per annum. The loan is in Tanzanian shillings. The loan is repaid in one year.

q) Government on lent the loan to TANESCO during the year. This loan was lent from African Development Fund (ADF) dated 31st December 2015 at an interest rate of 2% during the grace period and 4% thereafter. The loan is denominated in UA and repayment in semi-annual for a period of 30 years after 10 years' grace period. However dully signed amortization schedule has applied the rate of 0.75% throughout the loan period, and for this financial report amortization schedule apply. The loan is for financing the multinational Kenya-Tanzania Power interconnection project (Tanzania component). In 5 August 2022, the full balance as at 30 June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

r) Government on lent the loan to TANESCO during the year. This loan is lent from JICA dated January,2016 at an interest rate of 0.01%. The loan is denominated in JAPANESE YEN and repayment in semi-annual for a period of 30 years with 10 years grace period. The loan is for financing the multinational Kenya-Tanzania Power interconnection project (Tanzania component). In 5 August 2022, the full balance as at 30 June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

30. BORROWINGS (Continued)

TERMS AND CONDITION ON BORROWINGS (Continued)

s) Government on lent the loan to TANESCO during the year. This loan is lent from African Government on lent the loan to TANESCO during the year. This loan is lent from African Development Fund (ADF) dated 22 December 2014 at an interest rate of 1% during grace period up to 20th year and interest of 3% thereafter. The loan is denominated in UA and repayment in semi-annual for a period of 40 years with 10 years grace period. The loan is for financing Rusumo Hydro Power Project transmission lines component. In 5th August 2022, the full balance as at 30th June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

t) Government on lent this loan to TANESCO in order to finance construction of 220 kV Geita - Nyakanazi Transmission Line and Rural Electrification Project. This loan was lent from Agence Francaise de Developpement (AFD), it is Euro 14 million Credit whose Agreement signed on 9 October 2015. This loan carries an interest rate of 1.14% compounded semi-annual for a period of 19 years after 4 years grace period. In 5th August 2022, the full balance as at 30 June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

u) Government loan from the Opec International Fund for Development (OFID) dated 4 August 2011 for the period of 15 years at an interest rate of 1.25% per annum. The loan is denominated in US Dollar. The repayment shall be affected in 30 semi-annual instalments after 5 years' grace period. The loan is for financing Bulyanhulu -Geita transmission line and Geita Electrification Project.

v) Government on lent the loan to TANESCO during the year. This loan was lent from Agence Francaise de Development (AFD) credit facility dated 10th July 2015 at an interest rate of 1.127%. The loan is denominated in Euro and repayment in semi-annual for a period of 18 years including 4 years' grace period. The loan is for financing the TANESCO Transmission Grid Rehabilitation and Upgrade Project (TTGRUP). In 5th August 2022, the full balance as at 30th June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

w) Government on lent the loan to TANESCO during the year. This loan obtained from African Development BANK (ADB) at an interest rate of six month libour plus margin of 0.8%. The loan is denominated in United State Dollar and repaid semi-annually for a period of 24 years including 5 years grace period. The loan is for financing the Nyakanazi - Kigoma 400kV Transmission lines and its associated substations. This financial statement applies constant borrowing rate of 3.422% as applied in the loan amortization schedule of the on-landing agreement. In 5th August 2022, the full balance as at 30th June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

30. BORROWINGS (Continued)

TERMS AND CONDITION ON BORROWINGS (Continued)

y) This loan from World Bank was received through the Government of the United Republic of Tanzania for the implementation of construction of a 400kV Transmission Line from Tanzania to Zambia, also known TAZA Project. The loan is denominated in USD and carries an interest rate of 2.3% per annum repayable semi-annually for a period of 32 years starting 2025. In 5 August 2022, the full balance as at 30 June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

z) Government on lent this loan to TANESCO in order to finance construction of 150MWp Photovoltaic (PV) ground mounted power plant that will be connected to the transmission grid. This loan was lent from Agence Francaise de Developpement (AFD), it is Euro 130 million Credit whose Agreement signed on 9 October 2015. This loan carries an interest rate of 0.25% compounded semi-annual for a period of 20 years after 7 years' grace period. In 5 August 2022, the full balance as at 30 June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

aa) This loan from African Development Bank was received through the Government to finance Malagarasi Hydro Project. This loan carries an interest rate of 1.1238% compounded semi-annual for a period of 19 years with 5 years' grace period. In 5 August 2022, the full balance as at 30 June 2022 converted to share capital by the Cabinet while new drawing still recorded as loan, this still waiting clearance from Registrar of Treasury.

bb) This loan from African Growing Together Fund (AGTF) was received through the Government to finance Malagarasi Hydro Project. This loan carries an interest rate of 1.1238% compounded semi-annual for a period of 19 years with 5 years' grace period. This loan had zero balance in the year ended 30 June 2022 but was part of the list of the loans approved to be converted into equity by Cabinet. Its drawing in this year recorded as loan, this still wait clearance from Registrar of Treasury.

31. OTHER EMPLOYMENT BENEFITS

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of the year	89,676	38,764	89,676	38,764
Prior year adjustment		45,415		45,415
Interest cost	9,449	8,862	9,449	8,862
Actuarial (gain)/loss	14,971	(595)	14,971	(595)
Current service cost	3,528	4,414	3,528	4,414
Benefits paid	(7,589)	(7,184)	(7,589)	(7,184)
At the end of the year	**110,035**	**89,676**	**110,035**	**89,676**

Actuarial assumptions				
Discount rate per annum	11.51%	11.51%	11.51%	11.51%
Inflation rate	4.5%	4.5%	4.5%	4.5%
Ill health and disability	Probability of an event	Probability of an event	Probability of an event	Probability of an event
Mortality (pre-retirement)	Probability of an event	Probability of an event	Probability of an event	Probability of an event
Withdraws (voluntary)	Probability of an event	Probability of an event	Probability of an event	Probability of an event
Retirement age	Age 60	Age 60	Age 60	Age 60

The Group used the projected Unit Credit Method ("PUC Method") to value the liability of the Long service award Scheme. This method is stipulated under the IAS 19 requirements.

The Group has assumed a long-term discount of 12.13% p.a. This is in line with the forecasted 25-year Government bond weighted average yields as published by the Bank of Tanzania (BOT) as at 30 June 2022 along the yield curve. We believe this rate to be appropriate for the purpose of IAS19 Disclosures.

The Group also assumed the inflation to be 4.4% p.a. The inflation rate has been derived by using the medium-term inflation target as published in the Monthly Economic Review of July 2022 by the Bank of Tanzania.

32. TRADE AND OTHER PAYABLES

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Current				
Trade payables	1,374,165	1,178,732	1,352,873	1,154,828
Advances against work orders	7,193	10,976	5,264	10,976
EWURA and REA	25,604	24,310	25,604	24,310
Customers with credit balances	1,216	1,814	1,216	1,814
Deferred revenue from government	4,587	4,995	4,587	4,995
Deferred LUKU sales	6,818	6,212	6,818	6,212
Accrued expenses	579,143	414,209	575,064	411,843
Related party payable- TCPM			409	342
Related party payable- ETDCO			16,252	26,488
Other payables	396,640	952,301	335,271	937,786
	2,395,366	**2,593,549**	**2,323,358**	**2,579,594**

The Company's exposure to currency risk and liquidity risk related to trade & other payable is disclosed in Note 8.

33. CONSUMER DEPOSITS

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Consumer deposits: at start of the year	8,601	10,256	8,601	10,256
Addition/(Amortization) Refund/charge during the year	(2,881)	4,061	(2,881)	4,061
Release to Income	-	(5,716)	-	(5,716)
	5,720	**8,601**	**5,720**	**8,601**

34 CASH GENERATED FROM OPERATIONS

		Group		Company	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Note	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Operating activities					
Profit/ (Loss) before tax		8,357	176,214	9,618	179,271
Adjustments for:					
Depreciation	16	368,299	337,710	367,009	336,688
Amortisation of AFUDC prepayment	23	4,486	4,486	4,486	4,486
Amortisation of intangible asset	18	3,245	3,208	3,241	3,178
Amortisation of grants	29	(137,424)	(120,517)	(137,202)	(120,287)
Amortisation of Fair valuation of loan	11	(4,232)	(19,010)	(4,232)	(19,010)
Increase/(decrease) in ECLs on receivables	26	41,896	38,134	41,896	37,785
Increase/(decrease) in ECLs on Bank Balances	27(a)	(213)	123	(213)	123
Provision for other receivable		10,949	8,321	10,949	8,321
Discount unwinding	30	6,429	26,267	6,429	26,267
Loan interest	46	2,720	26,622	2,720	26,622
Fair valuation adjustment	30		(60,442)		(60,442)
Increase in Asset retirement Obligation	37	9,368	464	9,368	464
Other employment benefits	31	12,978	13,276	12,978	13,276
Net unrealized forex losses	48	16,918	11,155	16,918	11,155
Interest expenses	48	176	9,232	176	9,229
Impairment Loss	48	25,935	11,239	25,935	11,239
Provision for Obsolete/slow moving stock	25	(797)	344	(797)	344
Forex(gains)/losses	48	34,363	(41,553)	34,363	(41,553)
		403,453	**425,273**	**403,642**	**427,156**
Changes in:					
- inventories	25	2,423	(6,401)	2,448	(4,239)
- Trade and other receivables	26	(32,611)	312,162	(17,221)	325,625
- Prepayments		280,254	193,838	279,769	207,921
- Provisions	36	(64,791)	(399,745)	(64,791)	(399,745)
Withholding Tax		(3,102)	282	(3,102)	(17)
- Trade and other payables and consumer deposits	33	(213,197)	228,980	(259,116)	213,497
Cash generated in operations		373,429	754,389	341,628	770,198

35 TAX PAYABLE

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Opening balance	17,545	19,648	17,536	20,121
Current Tax	-	1,536		
Additional tax on TRA assessment	(1,371)	27		
Alternative Minimum Tax	12,689	10,759	11,319	10,753
Interest on Penalty		8,537		8,537
Reclassified as tax asset		844		
Withholding Taxes paid	(139)	(1,002)	(144)	
Prior year tax paid during the period	(10,828)		(10,817)	
Instalments paid	(12,410)	(22,804)	(12,408)	(21,875)
Closing balance	**5,487**	**17,545**	**5,486**	**17,536**

36 PROVISION

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Legal claims	**6,678**	**4,439**	**6,678**	**4,439**
Movement during the year				
Opening balance	4,439	318,265	4,439	318,265
Utilized during the year	2,239	(313,826)	2,239	(313,826)
Closing balance	**6,678**	**4,439**	**6,678**	**4,439**
Opening balance	146,702	232,621	146,702	232,621
Utilized during the year	(67,030)	(85,919)	(67,030)	(85,919)
Other provisions	**79,672**	**146,702**	**79,672**	**146,702**
Total Provisions	**86,350**	**151,141**	**86,350**	**151,141**

The provision for legal claims relates to costs and legal claims where professional advice indicates that it is probable that the Company will incur loss in settling legal cases.

Other provision relates to estimates various operations costs expected by the company due to past legal and constructive obligations existing at the reporting date.

37 DECOMISSIONING PROVISION

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
At 1st July:	**2,856**	**2,392**	**2,856**	**2,392**
Additional provision during the year	9,367	464	9,367	464
	12,223	**2,856**	**12,223**	**2,856**

The provision for site restoration is calculated at every reporting date based on the cost estimates prepared by the environmental specialist and Engineer. The provision is annually by management. The increase in provision is recognized in profit or loss under cost of sales while decrease is recognized under income.

The key assumption used in determining the provision are;
-The useful life of the site is estimated to be 30 years for Thermal Plant and 36 years for Hydro plant and the provision is made based on the discounted expected cost of closure at the end of this period.
-The discount rate used was 11.51%
-The site is of the medium risk and medium sensitivity.
-Tanzania inflation rate used is 4.5%

38 PREPAYMENT

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
At 1 July:	**558,093**	751,931	**543,650**	751,572
Additional/release during the year	(282,725)	(193,838)	(279,769)	(207,922)
At 30 June	**275,368**	**558,093**	**263,881**	**543,650**

Prepayment involves cash paid to various suppliers to facilitate/acquiring of various projects including Julius Nyerere Hydro Power Plant (JNHPP), whereby the contractor namely Ms JV Arab Contractor and Elsewed has outstanding prepayment amounting to TZS 145,000 million (2022; TZS 401,000 million). Advance payment will be amortized after completion of each stage of works upon receiving of completion certificate.

39 WITHOLDING TAX RECOVERABLE

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
At 1 July:	8,634	8,352	8,071	8,055
Additional/release during the year	3,601	282	3,103	17
At 30 June	**12,235**	**8,634**	**11,174**	**8,072**

40 DEFERRED TAX ASSET

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
At 1 July:	103		-	-
Movement during the year	40	103	-	-
At 30 June:	**143**	**103**	**-**	**-**

41 DEFERRED INCOME

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
Opening Balance	297,777	256,345	297,777	256,345
Fair value gains		60,442		60,442
Released		(19,010)		(19,010)
Previous Released		-		-
Reclassification to equity	(173,808)		(173,808)	
Closing balance	**123,969**	**297,777**	**123,969**	**297,777**

42 CORRECTION OF ERRORS

a) Statement of Financial Position

During the period the company has discovered that, Actuarial valuation on Employees benefit obligations which is in practice ignores other benefits and decided to updates model for compliance. The company also has decided to impair the disputed outstanding debt related to Electricity sold to ZECO which was the portion due by the Ministry of Energy as the results of the Board Resolution. The following tables summarise the impacts on the financial statements.

	Consolidated Restated 2022 TZS "m"	Adjustment TZS "m"	Consolidated 2022 TZS "m"	Separate Restated 2022 TZS "m"	Adjustment TZS "m"	Separate 2022 TZS "m"
Assets (Unadjusted)	12,237,497	-	12,237,497	12,257,188	-	12,257,188
Capital work in progress	6,850,848	(100,533)	6,951,381	6,848,337	(100,533)	6,948,870
Trade and other receivables	224,282	(159,614)	383,896	197,896	(159,614)	357,510
Total assets	**19,312,627**	**(260,147)**	**19,572,774**	**19,303,422**	**(260,147)**	**19,563,569**
Capital and reserves						
Equity (Unadjusted)	1,733,764	-	1,733,764	1,733,764	-	1,733,764
Accumulated losses	(2,429,643)	(210,749)	(2,218,894)	(2,401,470)	(210,749)	(2,190,722)
Reserves	4,408,281	398	4,407,882	4,406,461	398	4,406,064
Total equity	**3,712,402**	**(210,351)**	**3,922,753**	**3,738,755**	**(210,351)**	**3,949,106**
Liabilities						
Deferred tax liability	2,110,826	188	2,110,639	2,110,318	188	2,110,131
Grants	8,489,620	(100,533)	8,590,153	8,468,534	(100,533)	8,569,068
Borrowings	1,439,840	(1,462)	1,441,302	1,439,840	(1,462)	1,441,302
Others Liabilities (Unadjusted)	876,714	-	876,714	876,705	-	876,705
Trade and other payables	2,593,549	2,708	2,590,842	2,579,594	2,708	2,576,886
Other employment benefits	89,676	49,304	40,372	89,676	49,304	40,372
Total Liabilities	**15,600,225**	**(49,796)**	**15,650,021**	**15,564,667**	**(49,796)**	**15,614,463**
Total equity and liabilities	**19,312,627**	**(260,147)**	**19,572,774**	**19,303,422**	**(260,147)**	**19,563,569**

b) Statement of profit /loss and other comprehensive income

	Consolidated			Separate		
	Restated 2022 TZS "m"	Adjustment TZS "m"	2022 TZS "m"	Restated 2022 TZS "m"	Adjustment	2022 TZS "m"
Others (Unadjusted)	2,127,952	-	2,127,952	2,102,719	-	2,102,719
Cost of sales	(1,658,266)	2,244	(1,660,510)	(1,634,632)	2,244	(1,636,876)
Impairment of Financial Assets	(38,257)	(26,109)	(12,148)	(37,908)	(26,109)	(11,799)
Operating Expenses	(352,559)	(6,718)	(345,841)	(346,861)	(6,718)	(340,143)
Profit/(Loss) for the year	**78,871**	**(30,583)**	**109,454**	**83,317**	**(30,583)**	**113,900**

43 PROCEED FROM BORROWING

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
30 Days NMB loan	8,465	59,589	8,465	59,589
Tanesco Solar Dev project	-	21,311	-	21,311
Malagalasi Hydro power	-	777	-	777
Closing balance	**8,465**	**81,677**	**8,465**	**81,677**

44 LOAN REPAYMENT

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
TIB bridge facility	9,789	9600	9,789	9,600
30 days NMb loan	42,615	35,855	42,615	35,855
Bank Over draft	987		987	
	53,391	**45,455**	**53,391**	**45,455**

45 GRANT RECEIVED IN CASH

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
Rufiji hydro power	1,511,135	1,358,367	1,511,135	1,358,367
Ruhuji & Rumakali hydro power	548,145	1,141	548,145	1,141
Malagalasi Hydro power	-	302	-	302
Kfw Geita Nyakanazi	10,297		10,297	
SGR Transimission line	10,875		10,875	
	2,080,452	**1,359,810**	**2,080,452**	**1,359,810**

46 LOAN INTEREST

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
Government on lent Standard Bank	-	14,941	-	14,941
Government on lent IDA	-	2,367	-	2,367
TIB bridge facility	1,164	2,297	1,164	2,297
30 Days NMB loan	569	717	569	717
Interest Bank Overdraft	986		986	
Government loan	-	4,268	-	4,268
ING Bank	-	1,571	-	1,571
	1,733	**26,622**	**2,720**	**26,622**

47 TAX ASSET

	Group		Company	
	30 June 2023 TZS 'm	30 June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
1 July	(843)			
Current Tax	(1,867)	1,057	-	-
Additional Tax on TRA assessment	-	29	-	-
Estimated tax paid	(1,371)	(900)	-	-
Additional Tax paid	-	(31)	-	-
Late fillings of returns	-	2	-	-
Withholding tax paid	-	(1,000)	-	-
	(347)	**(843)**	**-**	**-**

48 NON CASH ITEMS

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
Net unrealized forex loss	16,918	11,155	16,918	11,155
Interest expenses	176	9,232	176	9,229
Impairment loss	25,935	11,239	25,935	11,239
Forex gain or loss	34,363	(41,553)	34,363	(41,553)
	77,392	**(9,930)**	**77,392**	**(9,930)**

49 (a) ADDITIONAL TO CAPITAL WORK ON PROGRESS

	Group		Company	
	30 June 2023 TZS 'm	30June 2022 TZS 'm	30 June 2023 TZS 'm	30 June 2022 TZS 'm
Funded by Loan	8,465	81,677	8,465	81,677
Funded by Grant	2,080,452	1,359,810	2,080,452	1,359,810
Funded by TANESCO	231,209	698,344	228,001	696,808
	2,320,126	**2,139,831**	**2,316,918**	**2,138,295**

49 b) Acquisition of PPE and Licensing

	Group		Company	
	30 June 2023	30June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Acquisition of PPE	(1,822)	-	-	-
Additional to licensing	1,961			
	139	-	-	-

50 LIABILITIES

(i) Contingent

Significant legal cases have been summarized as follows

a) Standard Chartered Bank Hong Kong ("SCBHK") versus TANESCO (ICSID case No.ARB/10/20)

This is an arbitration case filed by Standard Chartered Bank Hong Kong (SCBHK) against TANESCO in Sept 2010. SCBHK stepped in the shoes of Independent Power Tanzania Limited (IPTL) as lender by assignment by which time one of the shareholders of IPTL had filed a case to wind up IPTL. SCBHK requested a declaration that the shareholder loans in IPTL qualify as equity for the purpose of computing capacity charges and claimed US$258.7 million to be made to it by TANESCO. The claim was made up of outstanding invoices, interest on outstanding invoices and damages resulting from TANESCO's failure to pay IPTL for the services rendered to it in accordance with the requirement of Power Purchase Agreement (PPA) with IPTL, together with any sums due under invoices that had not been disclosed to SCBHK. The Ruling (award) issued on 11 October 2019 required TANESCO to pay SCBHK US$148.4 million (approximately TZS 342 billion together with interest on the amount owing on the basis of simple 3-months LIBOR plus 4% starting from 30 September 2015 until the date of the award and interest shall continue at the same rate until full payment is received. The payment would be enforceable if SCBHK registers the award in the Tanzanian Courts. This could have happened after the lapse of 120 days from the date of the award. SCBHK did not register the award

b) Tax court cases as contingent liabilities TZS 66.96 billion

The Company has tax affairs with TRA amounting to TZS 62.6 billion and TZS 4.3 Billion resulted to underpayment of PAYE and SDL respectively. This was a result of TRA tax assessment for the year 2016 and 2019.

Since the Management has in disagreement with tax assessment, then they decided to file case to Tax Revenue Appeals Board (TRAB) through applications 10 and 11 of year 2022 where the Company won the cases against TRA.

(ii) Other litigations

As at 30 June 2023, the Company was a defendant in several other lawsuits. While liability in these lawsuits is not admitted, if defence against the actions is unsuccessful, then the amount claimed in these lawsuits could amount to TZS 2,496 million.

The directors are not aware of any other material contingencies, as at the reporting date that requires further disclosures in the financial statements.

51 COMMITMENTS

(a) Capital commitments

The Board of Directors approved capital commitments for the year ended 30 June 2023 of TZS 888,467 million (30 June 2022: TZS 548,072 million). Included in the approved capital commitments is TZS 200,783 million for on-going other projects, Others New CWO is TZS 347,086 million, Voltage improvement TZS 101,431 million, On-going extension distribution projects TZS 15,129 million, New extension distribution projects TZS 102,455 million and TZS 121,583 million for service line connection.

(b) Other commitments

Other commitments included overseas procurement of materials where payments are to be done through Letters of credits opened at various commercial banks and locally purchased items by issuing local purchase orders as shown below:

	30 June 2023	30 June 2022
	TZS 'm	TZS 'm
Local purchase orders - (goods ordered but not yet delivered)	48,658	14,263
	48,658	**14,263**

52 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is wholly owned by the Government of Tanzania. Related parties in the books of TANESCO include national departments/Ministries, public entities and local government (including municipalities).

TANESCO's transactions with the local Government offices and Government Executive Agencies are not individually significant when compared to the total value of the transactions between TANESCO and other Government related parties and are therefore not disclosed separately. These include, among others, transactions as a result of services provided to government hospitals and libraries. Related parties also comprise key management personnel of TANESCO or its shareholder and close family members of these related parties.

The following transactions were carried out with related parties:

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Transactions:				
Sales of electricity				
National departments/ministries	46,182	37,529	26,250	37,529
Local governments	26,030	8,739	26,030	8,739
Public entities	92,609	50,661	48,743	50,661
Zanzibar Electricity (ZECO)	118,075	107,118	118,075	107,118
	282,896	**204,047**	**219,138**	**204,047**
Purchases of goods and services				
National departments/ministries	141,882	153,915	140,728	142,144
Local government	5,305	4,233	5,111	4,382
Public entities	618,877	551,156	617,223	550,030
	766,064	**709,304**	**763,062**	**705,547**
Expenses paid for TGDC		107		
Expenses paid for ETDCO	151	450		
Expenses paid for TCPM		15		
	151	**572**		

Outstanding balances (due by related parties) Receivables and amounts owed by related parties

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
TGDC	-	-	-	
ETDCO	-	4,647	-	-
TCPMC	-	-	-	-
National departments/ministries	38,718	14,106	15,618	14,106
Local government	6,501	1,420	6,501	1,420
Public entities	81,860	41,991	44,283	41,991
Zanzibar Electricity Corporation	255,900	217,134	255,900	217,134
	382,979	**279,298**	**322,302**	**274,651**

Outstanding balances (due to related parties) Payables and amounts owed to related parties

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
National Departments/Ministries	2,642	15,924	2,450	15,924
Local Government	1,626	1,587	1,626	1,480
Public entities	38	571,846	35	571,819
	4,306	**589,357**	**4,111**	**589,223**
Borrowings				
Government on-lent loan 30	**276,781**	**1,807,539**	**276,781**	**1,807,539**

Directors and key management personnel remuneration

Group	30 June 2023	30 June 2022
	TZS 'm	TZS 'm
		Fees
Mr. Omari Issa	35.0	14.1
Amb. Mwanaidi S. Maajar	11.1	9.7
Mr. Abubakar Bakhresa	11.1	9.7
Eng. Abdallah Hashim	11.1	9.7
Mr. Christopher Gachuma	9.5	13.0
Eng. Cosmas Masawe	11.6	9.7
Mr. Lawrence Mafuru	-	6.1
Mr. Nehemiah Mchechu	8.4	9.7
CPA Zawadia Nanyaro	11.4	10.9
CPA Esther Kitoka	2.5	-
Hon. Juxon I. Mlay	12	12
Dr. Eng. Santos L. Kihwele	10	10
CPA Renata C. Ndege	10	10
Mr. Jema A. Msuya	13.5	-
Eng. Athanasius H.Nangali	13.5	-
Regina M. Mduma	11.5	-
Jacqueline Woiso	10.0	-
Elvis N. Ndunguru	11.5	-
Prof. Shubi Felix Kaijage	33.1	-
Ms Pamela Nchimbi	8.9	-
Eng. Pakaya Mtamakaya	8.9	-
Adv. Lucy Henry Sondo	14.3	-
CPA Richard Magongo	10.4	-
Others	-	69.1
Total non- executive directors	**291.0**	**194.3**

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
	Salary and post retirement		Fees and Sitting allowances	
Key management	4,747	3,463	-	-
Total	**4,747**	3,463	-	-

Company	30 June 2023	30 June 2022
	TZS 'm	TZS 'm
	Fees	
Mr. Omari Issa	35.0	14.1
Amb. Mwanaidi S. Maajar	11.1	9.7
Mr. Abubakar Bakhresa	11.1	9.7
Eng. Abdallah Hashim	11.1	9.7
Mr. Christopher Gachuma	9.5	13.0
Eng. Cosmas Masawe	11.6	9.7
Mr. Lawrence Mafuru	-	6.1
Mr. Nehemiah Mchechu	8.4	9.7
CPA. Zawadia Nanyaro	11.4	10.9
CPA Leonard C. Mususa	11.8	0.6
CPA. Esther Kitoka	2.5	-
Others	-	69.1
Total non- executive directors	**123.5**	**162.30**

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
	Salary and post retirement		Fees and Sitting allowances	
Key management	2,144	1,688	-	-
Total	**2,144**	**1,688**	-	-

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

53 ULTIMATE OWNER OF THE COMPANY

The Government of the United Republic of Tanzania is the ultimate owner of the Company.

54 SUBSEQUENT EVENT

None.

55 CURRENCY

These financial statements are presented in millions of Tanzanian Shillings (TZS 'm) unless otherwise specifically stated.

56 COMPARATIVES

Comparatives are consistence with the previous year, except where necessary reclassifications have been made in order to conform with current year presentation. Affected accounts are provisions separated from other payables and other trade receivables.