REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF TANZANIA ELECTRIC SUPPLY COMPANY LIMITED (TANESCO) FOR THE YEAR ENDED 30 JUNE 2021

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March, 2022 **AR/PA/TANESCO/2020/21**

Mandate

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

Vision

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

Mission

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

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

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

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

We do this by:

✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
✓ Providing technical advice to our clients on operational gaps in their operating systems;
✓ Systematically involve our clients in the audit process and audit cycles; and
✓ Providing audit staff with adequate working tools and facilities that promote independence.

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LIST OF ABBREVIATIONS

No	Abbreviation	Meaning
1.	3E	Eclipse Enterprise Edition
2.	ADF	African Development Fund
3.	AFD	African Fund Development
4.	AfDB	African Development Bank
5.	AMR	Automatic Meter Reader
6.	ARC	Audit and Risk Committee
7.	BTIP	Backbone Transmission Investment Project
8.	CAG	Controller and Auditor General
9.	CCTV	Closed Circuit Television
10.	CG	Corporate Governance
11.	CGC	Corporate and Governance Committee
12.	CMS	Corporate Management System
13.	CWIP	Capital Work in Progress
14.	DPRP	Disaster Preparedness and Response Plan
15.	DRDC	Disaster Recovery Data Centre
16.	EDCF	Economic Development Cooperation Fund
17.	ECLs	Expected Credit Loss
18.	EIB	European Investment Bank
19.	EMS	Environmental Management System
20.	EoI	Expression of Interest
21.	EPPs	Emergency Power Producer
22.	ERP	Enterprise Resource Planning
23.	ESIA	Environmental and Social Impact Assessment
24.	ESMP	Environmental and Social Management Plan
25.	ETDCO	Electrical Transmission, Distribution and Maintenance Company Limited
27	GIS	Geographical Information System
28.	HRRC	Human Resources and Remuneration Committee
29.	IAS	International Accounting Standards
30.	ICT	Information and Communication Technology
31.	IFC	International Finance Company
32.	IFRIC	International Financial Reporting Interpretations Committee
33.	IFRS	International Financial Reporting Standards
34.	IPMPLS	Internet Protocol Multi-Protocol Label Switch
35.	IPOC	Investment, Planning and Operations Committee
36.	IPPs	Independent Power Producers
37.	IPTL	Independent Power Tanzania Limited
38.	ISMS	Integrated Security Management System
39.	JICA	Japan International Development Agency
40.	KAWEU	Kampeni Kamata Wezi wa Umeme
41.	Km	Kilometers
42.	KV	Kilo Volts
44.	LGD	Loss Given Default
45.	LOTO	Lock Out and Tag Out
46.	LPUs	Large Power Users
47.	LV	Low Voltage
48.	M	Million
49.	MV	Medium Voltage
50.	MVA	Mega Volt Amp
51.	MW	Mega Watts

No	Abbreviation	Meaning
52.	NAOT	National Audit Office of Tanzania
53.	NBAA	National Board of Accountants and Auditors
54.	NCI	Non-controlling interest
55.	NEMC	National Environmental Management Council
56.	NOK	Norwegian Kroner
58.	OCI	Other Comprehensive Income
59.	OMG	One Minute Goal
60.	PABX	Private Automatic Branch Exchange
61.	PAPs	Project Affected Persons
62.	PMU	Procurement Management Unit
63.	PPE	Property, Plant and Equipment
64.	PPF	Parastatals Pension Fund
65.	PSMP	Power System Master Plan
67.	RAP	Resettlement Action Plan
68.	REA	Rural Energy Agency
69.	REF	Rural Energy Fund
70.	RoW	Right of way
71.	RPU	Revenue Protection Units
72.	SCADA	Supervisory Control and Data Acquisition
73.	SCBHK	Standard Chartered Bank Hong Kong
74.	SDR	Special Drawing Rights
75.	SEA	Strategic Environmental Assessment
76.	SEPC	Shanghai Electric Power Company Limited
77.	SPGC	Shangtan Power Generation Company Limited
78.	TCPMC	Tanzania Concrete Poles Manufacturing Company Limited
79.	TEDAP	Tanzania Energy Development and Access Expansion Project
80.	TGDC	Tanzania Geothermal Development Company Limited
81.	TL	Transmission line
82.	URT	The United Republic of Tanzania
83.	ZTK	Zambia - Tanzania - Kenya power interconnector project

1. 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.

TIB Corporate Bank Limited,
P. O. Box 9102,
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

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P. O. Box 71554,
10 Kivukoni Road,
11405, Dar es Salaam, Tanzania.

Company Secretary:
Advocate Amosi M. Ndegi,
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Auditors:
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Hazina Street,
41104 Dodoma.

1.0 REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021

1.1 INTRODUCTION

The Directors submit their report together with the consolidated and separate financial statements for the year ended 30 June 2021, which disclose the state of affairs of Tanzania Electric Supply Company Limited (the ''Company'' or ''TANESCO'') and its three subsidiaries. These are Tanzania Geothermal Development Company Limited, Electrical Transmission and Distribution and Maintenance Company Limited and Tanzania Concrete Poles Manufacturing Company Limited (together, the "Group") as at that date.

1.2 INCORPORATION

The Company was incorporated in 1964 under Electricity Ordnance Cap.131 of 1931 its amendment of 1957. 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.

The subsidiary companies were incorporated as follows: Tanzania Geothermal Development Company Limited on 19th November 2013, Electrical Transmission, Distribution and Maintenance Company Limited on 7th June 2016 and Tanzania Concrete Poles Manufacturing Company Limited on 16th December, 2014, each as a limited liability company. The subsidiaries are each 100% owned by TANESCO.

1.3 VISION STATEMENT

The vision of the Company is to be a leading regional provider of quality and affordable electric power.

1.4 MISSION STATEMENT

The Mission of the Company is to deliver electricity in a most effective, competitive and sustainable manner.

1.5 PRINCIPAL ACTIVITIES

The Company's principal activities are generation, purchasing, transmission, distribution and selling of electricity to the Mainland Tanzania as well as bulk supply to Zanzibar. Electricity is generated at seven (7) hydro power plants (namely Kidatu, Mtera, Kihansi, New Pangani, Hale, Nyumba ya Mungu and Uwemba) and twenty four (24) thermal power plants (namely, Kinyerezi I, Kinyerezi II, Ubungo I Gas Plant, Tegeta Gas Plant, Ubungo II Gas Plant, Nyakato 60MW Power Plant at Mwanza, Zuzu at Dodoma, Biharamulo, Bukoba Urban, Kasulu, Kibondo, Kigoma Urban, Liwale, Loliondo, Ludewa, Mafia, Mbinga, Mpanda, Mtwara Gas Plant, Inyonga, Ngara, Somanga Gas Plant, Sumbawanga and Tunduru). All the above hydro power plants and thermal power plants are connected to the National Grid.

The Company imports power from Uganda and Zambia for Kagera and Rukwa regions respectively. The Company also has long term power purchase agreements with Independent Power Producers and Small Power Producers (IPPs and SPPs), namely, Songas Limited, Tanganyika Wattle Company Limited (TANWAT), TPC Limited, Andoya, Mwenga, Tulila, Iyovi, Ngombeni, Matembwe and Darakuta.

1.6 IMPLEMENTATION OF PROJECTS

Apart from undertaking its core business functions, during the period under review the company also implemented various development projects, some of which were financed by the company's internal sources funds and others were financed through Government funds, donors' funds and funds jointly contributed by the Government and donors. As at the date of this report, these projects which comprise power generation, transmission and distribution projects were at various stages of completion. Some were ongoing while other were completed. The projects are detailed as follows:

1.6.1 POWER GENERATION PROJECTS

(a) Ongoing Projects

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

i) Julius Nyerere Hydroelectric Power Project (JNHPP)-2115 MW

This project is for the construction of 2115 MW Hydroelectric Power Plant at Stiegler's Gorge along the Rufiji River under EPC Contract modality for Installation, Testing and Commissioning. The contract price of the JNHPP is estimated at TZS 6,558 billion (equivalent to USD 2,900 million) fully financed by the Government of the United Republic of Tanzania.

The duration period of the contract is forty-two (42) months including six months of mobilization works from the date of commencement of the project. Effectively, the project commenced on 15th June, 2019 and is expected to be completed by 14 June, 2022. The project completion progress as at 30 June 2021 was 40.02%.

ii) 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 Government of Tanzania. The estimated total project cost is USD 36.07 million (equivalent to TZS 80,141 million). As at 30 June, 2021 the project completion progress was 80% and it is expected to be completed in December 2021.

iii) Kinyerezi I Extenstion 185MW

This project which started in November, 2016 involves construction of 185MW natural gas based power plant at Kinyerezi Power Complex in Dar es Salaam. The project cost is USD 188 million, 100% financed by the Government of Tanzania. The project works are completed by 84%. The progress of the project works are at stall due to bankruptcy of the contractor M/s Jacobsen Elektro AS from Norway. Procurement of new contractor to complete remaining works is underway and the project is expected to be completed by March, 2022.

(b) Completed Projects

As at 30 June, 2021 there were no reported Completed Power Generation Projects.

1.6.2 TRANSMISSION PROJECTS

(a) Ongoing Projects

During the period under review the company had been implementing 17 different power transmission projects detailed as follows:

i) 220kV Geita-Nyakanazi Power Transmission Sytem Project

This involves 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).

The project completion progress is as follows: Transmission Line which is being implemented by KALPATARU Power Transmission Limited as the main contractor is at 80%; Substation works which are being implemented by M/s Larsen and Toubro as the main contractor, has attained a percentage of 86%; Rural Electrification Component which is under M/s SINOTEC Company Limited, has overall attained a percentage of **21%**. The project commenced in May, 2019 and is expected to be completed in April, 2022.

ii) 220kV Rusumo-Nyakanazi Power Transmission Line Project

This project involves construction of 220 kV Rusumo-Nyakanazi Power Transmission Line of 94km long. The project cost is USD 35.00 million equivalent to TZS 80,141 million financed by Afican Development Bank (AfDB). The project overall completion progress is 60% and is expected to be completed in December, 2021.

iii) 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 431,877.46 million and will be co-financed by Government of the United Republic of Tanzania (USD 18.54 Million), the African Development Bank (AfDB), (USD 123.39 Million)) and EDCF of Korea (USD 45 Million). The procurement of EPC contractors is under process. The expected completion date of project is December 2023.

iv) Kenya Tanzania Power Interconnection Project (KTPIP)

This project involves construction of 400kV Transmission Line of 414km from Singida to Namanga. The project also includes two other main components namely, Contruction of Substations and Rural Electrification along the Transmission Line.

The contract price of the project is UA 167,260 million equivalent to TZS 384,700 million co-financed by African Development Bank (AfDB), Japan International Development Agency (JICA) and the United Republic of Tanzania.

The project completion progress is as follows: Transmission Line is at 90.3%; Substation works are at 53% and Rural Electrification is at 51% . The project commenced in February, 2016 and is expected to be completed in December, 2021.

v) Backbone Phase II Project

This project involves upgrading of substations in Dodoma, Singida, Iringa and Shinyanga from 220/33kV to 400/220/33kV. For implementation, the project was splitted into two (2) lots namely, Lot T6-1 and Lot T6-2 for Iringa & Shinyanga, and for Dodoma & Singida respectively.

The overall project cost was estimated at USD 120 million equivalent to TZS 277,240 million co-financed by the AfDB, JICA, EIB and the URT. However, the project implementation for Lot T6-1(Iringa & Shinyanga) which was to be financed by EIB and the URT could not start due to lengthy standoff of concluding the signing of Amendment No. 4 to the financing agreement between the EIB and the URT.

On the other hand, the project implementation for Lot T6-2 (Dodoma & Singida) commenced immediately as per the contract in March, 2018. As at 30 June 2021, the project completion progress is at 98%, and is expected to be completed in September, 2021.

vi) 220kV Dar es Salaam - Morogoro Transmission Line Project -SGR

This project involves construction of 159km, 220kV Transmission Line from Dar es Salaam to Morogoro for electrification of Standard Gauge Railway (SGR) line (Lot1). The overall project cost is USD 31.25 million equivalent to TZS 72,690 million financed by the URT through TRC.

The original scope has been completed by 100%. At the moment, the additional scope which involves installation and commissioning of telecommunication and teleportation panels in the traction power stations is ongoing. The project is scheduled to end on 31st October, 2021.

vii) 220 kV Morogoro - Dodoma Transimission 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 71.5 million equivalent TZS 165,190 million financed by the Government of Tanzania. The project is implemented in two (2) lots namely, Lot 2-1: Morogoro-Ihumwa 237.6km and Lot 2-2: Ihumwa-Makutupora 176km whereby completion progreses are at 25.32% and 50.2% respectively.This project is expected to be completed in February, 2022.

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 135,090 million finaced through internal company's source of funds. Currently, the project is at preliminary stages of implementation and is expected to be completed in December, 2022.

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 141,400 million expected to be financed through funds from Development Partners. Currently, the project is at preliminary stages of implementation and is expected to be completed in December, 2021.

x) 65MVA Transformer-Kunduchi Substation Project

This project involves installation of 65MVA, 132/33kV transformer at Kunduchi Substation. The total project cost of installation is TZS 2,500 million implemented through the Company's internal sources of funds. The project is expected to be completed in December, 2021.

xi) 35MVA Transformer-Mufindi and 15MVA Transformer-Sumbawanga Project

This project involves installation of 35MVA, 220/33/11kV transformer at Mufindi Substation and 15MVA, 66/33kV transformer at Sumbawanga Substation. The total project cost of installation is TZS 7,900 million implemented through the Company's internal sources of funds. The project is expected to be completed in October, 2021.

xii) 2x90MVA Substation-Luguruni Project

This project involves contruction of major construction of 2x90MVA, 220/33kV substation at Luguruni. The total project cost of installation is TZS 15,270 million implemented through the Company's internal sources of funds. The project is expected to be completed in September, 2021.

xiii) Major Overhaul of Tap Changers and Circuit Breakers Project

This project involves major overhaul of tap changers and circuit breakers at Bunda, Kidatu and Tagamenda. The total project estimated cost is TZS 840 million implemented through the Company's internal sources of funds. The project is expected to be completed in October, 2021.

xiv) VHF Radio Repeater and Accessories Project

This project involves supply of VHF Radio Repeater and accessories for radio communication. The total cost of the project is TZS 1,800 million implemented through the Company's internal sources of funds.The project is expected to be completed in August, 2021.

xv) Peplacement of 48VDC DC System Project

This project involves replacement of 48VDC DC System for sixteen (16) grid substations with optical fibre equipment. The estimated total project cost is TZS 670 million implemented through the Company's internal sources of funds. The project is expected to be completed date in September, 2021.

xvi) 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 detailed as follows:

1. Construction of 160km, 400kV double circuit transmission line from Julius Nyerere Hydropower Plant to Chalinze at cost of USD component equivalent to TZS 51,493 million and local component of TZS 39,118 million. This portion is financed by Government of Tanzania. The procurement of contractor is completed and the contract signed on 5 July, 2021.

2. Construction of 400/220/132/33kV 250 MVA Substation at Chalinze in Pwani Region at estimated value of TZS 180 million. Procurement processes for engaging EPC contractor is on progress.

3. Construction of 438km, 400kV Double circuit transmission from Kinyerezi to Dodoma via Chalinze and Kinyerezi substation. The estimated project value is USD 274 million. The tender documents have been prepared awaiting for tender initiation.

4. Construction of 373km, 400km transmission line from JNHPP to Kinyerezi via Kibiti and Kibiti substation. This component yet to be started.

xvii) Tanzania - Zambia Transmission Interconnector Project (TAZA)

This project aims at extending transmission backbone in South-West parts of Tanzania to allow for Regional power trade between Southern African Power Pool (SAPP) and Eastern Africa Power Pool (EAPP) and to increase availability of reliable power to undeserved 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.
2. TANESCO Transmission System Readiness for Interconnection, and Corporate Commercial Management Improvements.
3. Project Implementation Support and Capacity Building.
4. Technical Assistance to EAPP.

The overall project cost is estimated at USD 615 million equivalent to TZS 1,420,877.55 million. The Project is mainly financed by the World Bank (WB) and the International Development Association (IDA) of the World Bank. Other financiers are Agence Française de Development (AFD), European Union (EU) through AFD and URT. The project is expected to be completed in June, 2024.

xviii) TANESCO Transmission Grid Rehabilitation and Upgrade Project

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 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 finances by the Government of the United Republic of Tanzania (GoT) through a concessional loan from the French Development Agency known as "Agence Française de Dévelopement" (AFD). The project duration period is 21 months.

(b) Completed Projects

As at 30 June, 2021 the following Transimmision line Projects were reported to have been completed:

i) 220kV Makambako Songea Transimmission Line Project

This project involved construction of 245km 220kV Transimmision Line and associated substations at Makambako, Madaba and Songea. The project also involved rural electrification in Njombe and Ruvuma regions for connection of 16,300 customers.

The project was co-financed by SIDA and the URT with the total cost of SEK 877.67 million equivalent to TZS 237,580 million.

ii) 132kV Kibada - Dege Transmission Line Project

This project involved extension of Kibada-Dege 132kV Transmission Line of 13.95km long and construction of Dege (Kigamboni) 132/33kV Substation. The project cost was TZS 24,760 million implemented through the Company's internal sources of funds. The project was commissioned on 30 April 2021.

iii) 220kV Bulyanhulu-Geita Transmission Line Project

This project involved construction of 220kV Transmission Line of 55km long from Bulyanhulu to Geita and electrification of 10 villages along the Transmission Line Corridor. The project cost was USD 23 million equivalent to TZS 53,280 million co-financed by Arab Bank for Economic Development in Africa (BADEA) and OPEC Fund for International Development (OFID) and Government of Tanzania (GoT). The project was commissioned on 14th September, 2020.

1.6.3 DISTRIBUTION PROJECTS

(a)Ongoing Projects

During the period under review the company had been implementing two (2) different strategic distribution projects detailed as follows:

i) Government Funded Phase III Electrification Projects

These projects involve electrification of 3,359 villages with 180,768 initial customers to be connected in Mwanza, Arusha and Kigoma. The total estimated cost for the projects is TZS 1,160 million implemented through the Government funds. As at 30 June 2021 the overall project completion progress is at 80%.

ii) Installation of 20MVA at Ifakara

This project involves Supply and installation of 220/33kV, 1x20MVA substation in Ifakara, and 70 km extension of Distribution power lines in Kilombero and Ulanga Districts. The cost estimated for the project is Euro 8 million and the project is financed by the United Republic of Tanzania and the European Development Fund (EDF). Currently, the construction works are in progress and the overall implementation is 51%. The expected completion date is May 2022.

iii) Dodoma City Power Distribution System Improvement Project

This project involves construction of 220kV Transmision lines from Zuzu to Msalato and from Zuzu to Kikombo for the purpose of improving power distribution system in Dodoma City. The project also involves construction of two (2) Primary Substations at Ihumwa and Msalato. The total cost for the project is USD 167.7 million implemented through the company's internal sources of funds. The project is expected to be completed in September 2023.

(b) Completed Distribution Projects

As at 30 June, 2021 the following Distribution Projects were reported to have been completed:

i) 33kV Gongolamboto-Julius Nyerere Hydropower plant

This project involved construction of 33kV double circuit 254km distribution line from Gongolamboto substation to Julius Nyerere Hydropower plant. The project overall cost is TZS 17,784 million which is full financed by the URT. The project was completed in November, 2020 and the distribution line is under operation.

i) Tanzania Energy Development and Access Expansion Project (TEDAP)

The objective of this project is to improve the quality and efficiency of the provision of electricity service in the country and to establish a sustainable base for energy access expansion. The project is financed by IDA Credit of SDR 67.7 million equivalent to TZS 216,460 million. So far the project is completed in all the intended parts except energization of Mbagala- Kurasini Transmission Line.

1.6.4 OTHER PROJECTS

The company had also been undertaking other projects apart from those under core business functions. During the peiod under review, the following are other projects which have been implemented:

i) Integrated Security Management System Project

The Integrated Security Management System Project encompasses three (3) modern security systems namely, Access Control System, Intruder Alarm

Fence System and Closed Circuit Television (CCTV). The scope of the project covers installation at Head Office, National Grid Control Centre, Kurasini Central Stores and 33kV Substation at Ubungo. The project is expected to cost USD 1.70 million equivalent to TZS 3,892 million implemented through the Company's internal sources of funds. The project completion status is at 95% and all equipment have already been installed at site. The project was planned to be commissioned on 12th April, 2021 but due to COVID 19 pandemic the commissioning has been rescheduled to be 31st August, 2021.

ii) Corporate Management System (CMS) Project

The Corporate Management System (CMS) project is an enterprise wide project to implement the state of art Enterprise Resource Planning (ERP). The project will be implemented in phases under supervision of the consulting firm Deloitte Consulting Ltd. Implementation time is 18 months after sourcing the contractor. The basic modules on financials will be the first to be implemented within one year of the project implementation period.The estimated costs covering Capex and Opex in five years is estimated at TZS 86,000 million financed by World Bank. The project is expected to start in financial year 2021/22.

1.7 FUTURE DEVELOPMENT PROJECTS

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. The company also contemplates to implement other future strategic projects not indentified in PSMP. The envisaged prospective projects which are of short, medium and long term include:

i) Malagarasi Hydro Power Plant Project-49.5MW

This project involves construction of 49.5MW Hydro Power Plant at Malagarasi Water Falls along Rusumo 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 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 (83%), USD 20.00 million (14%) and USD 4.14 million (3%), in local currency) respectively. The Loan agreement was signed between the Government of Tanzania and the Banks on 26th May, 2021. The project is under procurement of consultancy services, and is expected to start by April 2022 taking 42 months to completion.

ii) 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 170 Km. The Project's overall cost is estimated at USD 407.40

million equivalent to TZS 958,250 million. Implementation of the contract is expected to commence in August, 2021 and be completed in July, 2024.

iii) 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 150 Km. The Project's overall cost is estimated at USD 388.22 million equivalent to TZS 913,140 million. Implementation of the contract is expected to commence in July, 2021 and be completed in June, 2024.

iv) 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 38.5 Km.The Project's overall cost is estimated at USD 287.60 million equivalent to TZS 676,470 million and will be co-financed by four (4) Development Partners namely, AfDB, AFD, EU and NORAD. Implementation of the contract is expected to commence in December, 2021 and be completed in December, 2024.

v) 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 53 Km and Irrigation Infrastructures within the area. The Project's overall cost is estimated at USD 750.00 million equivalent to TZS 1,764,090 million. Implementation of the contract is expected to commence in November, 2022 and be completed in December, 2025.

vi) 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 aslo involves construction of 400kV Power transmission line from Mtwara to Somanga Fungu. The estimated cost for power plant is USD 661 million equivalent to TZS 1,530,000 million expected to be financed by JICA. The construction works are expected to commence in August, 2022 and will be completed in August, 2024.

vii) 400kV North West Grid Power Transmission Line Project

This project will involve 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 detailed as follows:

1. **Phase I**: Covering a portion from Iringa - Mbeya - Tunduma to Sumbawanga a distance of 624km and scheduled for completion for 30 months from a

commencement date. The project will be co-financed by the World Bank, l'Agence Francaise de Development (AFD) and the European Union (EU).

2. **Phase II:** Covering a portion from Nyakanazi - Kigoma at a distance of 280km is scheduled for completion in 24 months from August, 2021. The project is financed by AfDB for transmission line component (123.39 million USD), EDCF of Korea (45 million USD) for the Substation component and the Government of United Republic of Tanzania (compensation - 18.54 million USD).

3. **Phase III:** Covering a portion from Kigoma- Mpanda to Sumbawanga a distance of 480km is scheduled for completion in 26 months from a commencement date. Currently, solicitation of financing for the project implementation is in progress.

viii) 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.

ix) 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 257.21 billion and will be implemented in two phases starting with 50MW at a cost of USD 43 million equivalent to TZS 98.75 billion which will be financed by AFD.

x) 7MW Wid-Solar-Diesel Hybrid Power Plant Project

This project will involve construction of 7MW Wid-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 screening for the purpose of acquiring ESIA Certificate. The cost associated with all Feasibility and ESIA studies is TZS 300 million.

xi) 400kV Transmission Line from Somanga to 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 61.35 billion out of TZS 69.14 billion (i.e. 89%) has been paid to Project Affected Persons (PAPs).

xii) 220kV Shinyanga-Simiyu Transmission Line Project

This project will involve construction of 220kV Transimmission line of 109km long from Shinyanga to Simiyu and establishment of Grid substation in Simiyu Region at estimated price of TZS 75.00 billion. 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 take 15 months duration from effective date.

xiii) 220kV Kingolwira - Msamvu Transmission Project

The project will involve construction of 12km, 220kV transmission line from Kingolwira to Msamvu and extension of line bay at Msamvu substation. The project cost is estimated to be TZS 9.80 billion financed by Government of Tanzania through TANESCO. The project is expected to take 12 months duration from effective date.

1.8 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 quality of life in the country.

The company's manufactured capital items comprises power generating plants, transmission and distribution infrastructures. The company improves manufacturing capital base by commissioning new infrastructures, as well as through maintenance and refurbishment of existing infrastructures.

The company's human capital is contributed by employees, service providers and contractors with their competencies, capabilities and experience. The company is an equal opportunity employer and therefore the process of recruitment is transparent and improve employee base. Furthermore, the company continue to enhance human capital by developing new skills and trains employees.The company also continue to engage with service prpviders and maintain good business relationships.

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 including, enabling economic growth through the supply of reliable electricity; constantly electrifying new households in company's licensed areas of supply; contributing to 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.

The company intellectual capital includes technology, a key enabler of the business, which comprises telecommunications, information and operational technology; organisational knowledge, systems, policies and procedures; as well as research and innovation to industrialise future technologies and improve current operations

The company also plays a significant developmental role in supporting the National Development Plan by supporting job creation, economic and skills development, transformation and other national initiatives. This is in addition to the company mandate of providing a stable electricity supply in a sustainable and efficient manner, to assist in lowering the cost of doing business in the country and enabling economic growth.

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 summarised in the table 1 as follows:

Table 1: Operational Performance

Activities	Plan 30 June 2021	Actual 30 June 2021	Actual 30 June 2020	Percentage change against Plan	Notes
Service lines completed during the year	300,000	415,416	362,575	39%	A
Number of pending service line applications	-	26,410	32,949	N/A	
Units sold during the year(GWh)	7,358	7,002	6,633	-5%	B
Additional 33kV and 11kVlines during the period/year (km)	750	5,038	3,913	572%	C
Total length of 33kV and11kV distribution lines completed during the period/ year (km)	39,570	59,976	54,936	52%	C
Total length of low voltage lines by the end of the period/year (km)	66,807	88,570	84,157	33%	C
Distribution transformers installed during the period/year	1,499	3,863	1,534	158%	D
Total number distribution transformers by the end the period/ year	20,294	26,438	22,575	11%	D
Total number of consumers by the end of the period/year	2,798,018	3,244,046	2,864,559	16%	A
Total number of staff	7,587	7,151	7,344	6%	E
Consumer/staff ratio	369	454	390	-24%	F

Explanation on major variation of the actual achievement against planed

Note A: Service Lines Constructed Performance.

The plan was to construct 300,000 Service Lines in accordance to the Company Business Plan. Actual Constructed service lines stands at 415,416 i.e. 38.5% more than what was estimated to be constructed. The following are the reasons caused the variation:

1. Semi urban projects funded by Rural Energy Agency (REA) with subsidized consumers' contribution of TZS 27,000.
2. REA Projects phase III, 1st round
3. Increased public requirement to electricity

Note B: Units sold

The decrease of units sold was attributed by reduction or stoppage of industries' operations due to COVID-19 pandemic.

Note C: The increase is attributed to completion of REA projects phase III, 1st round.

Note D: The increase is attributed to completion of REA projects phase III, 1st round.

Note E: The reduction is due to delays in employment to replace employees retired, deceased and those dismissed for disciplinary grounds.

Note F: Consumer/staff ratio

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

1.9 COMPANY'S STRATEGIES FOR ACHIEVING VISION AND MISSION

As stated in section 1.3 and 1.4 above, the company's vision is to be a leading regional provider of quality and affordable electric power by delivering electricity in a most effective, competitive and sustainable manner. Accordingly, the Company has set out strategies to ensure its vision and mission are attained. These strategies include the following:

a) Investment in Hydro Power Plants

Based on the fact that,the cost of generating electricity through hydro power plants is cheaperas compared to other sources of power generation, the company is currently implementing the 2115 MW Julius Nyerere Hydroelectric Power Project (JNHPP) at Stiegler's Gorge along the Rufiji River under EPC Contract Modality. Apart from from this project, the company is contemplating to invest in other hydro power plant projects. The prospective hydro power plant projects include Ruhudji (358MW), Rumakali (222MW), Kikonge (300MW), Kakono (87MW), and Malagarasi (49.5). Upon completion of these projects, it is expected that huge amount of electricity will be generated at a much lower cost and being generally more affordable.

Consequently, the company will be able to sale excess electricity to other countries, thereby expanding its market and in turn increasing the Company's revenues. The overall impact of this undertaking will improve the National Economy.

b) Investment in Power Transmission Lines

The company is undertaking various power transmission lines projects as narrated in section 1.6 above. The main objective is to connect all off-grid isolated area to the National Grid so to get rid of 17 expensive thermal power generation plants. Upon completion of these projects, the cost of electricity will decrease significantly thereby leading to affordable and reliable electricity and enhancing company revenue.

c) Investment in Power Distribution Systems

The company has been continuously undertaking power distribution projects as detailed in section 1.6 above. The main objectives include voltage improvement, power reliability and lowering of both Technical and Non-technical losses to an acceptable level. Upon completion of these projects, there will be enhancement of company revenue and customer service delivery.

d) Investment in Technology

The company is in the preliminary stage of implementing CMS project as detailed in section 1.6.4 above. The main purpose of this project is to enhance customer service delivery, improve company operational efficiency and hence reduce operating costs. In line with this, the company is currently developing its own prepaid system (LUKU) to replace the hired system and also to incorporate large customers and go away with the current system of post-paid which delay or non-collection revenue.

On the other hand, the company has implemented the Integrated Security Management System. Project encompassing three (3) modern security systems namely, Access Control System, Intruder Alarm Fence System and Closed-Circuit Television (CCTV). The purpose of this project is to enhance security of company properties and hence support business continuity.

1.10 EXTERNAL FACTORS INFLUENCING THE BUSINESS

The Company operations are influenced by a number of external factors which includes 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 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).

However, during the period under review, there was favourable hydrology condition which enabled the company to optimally use its hydro power plants in power generation.

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.

1.11 KEY MANAGEMENT PERSONNEL

The key management personnel who served during the year under review, and as of date of this report, were:

S/No	Name	Position
1	Eng. Tito E. Mwinuka	Managing Director
2	Eng. Khalid R. James	Deputy Managing Director - Investment
3	Eng. Pakaya D. Mtamakaya	Deputy Managing Director - Generation
4	Eng. Isaac A. Chanji	Deputy Managing Director - Transmission
5	Eng. Raymaond S. Seya	Deputy Managing Director - Distribution and Customer Service
6	CPA Renata C. Ndege	Chief Financial Officer
7	Francis N. Sangunaa	Senior Manager - Human Resources
8	Demitruce Dashina	Senior Manager - ICT
9	Nyelu P. Mwamwaja	Senior Manager - Procurement
10	CPA Buyamba N. Buyamba	Chief Internal Auditor
11	Adv. Amosi M. Ndegi	Chief Legal Counsel and Company Secretary
12	Johary A. Kachwamba	Manager Public Relation

New management personel present as at date of signing of this report are as follows;

S/No	Name	Position
1	Mr. Maharage Chande	Managing Director
2	Eng. Peter Kigadye	Ag. Deputy Managing Director - Investment
3	Eng. Pakaya D. Mtamakaya	Deputy Managing Director - Generation
4	Eng. Abubakar Issa	Ag. Deputy Managing Director - Transmission
5	Eng. Athanasius Nangali	Ag. Deputy Managing Director - Distribution and Customer Service
6	CPA Renata C. Ndege	Chief Financial Officer
7	Mr. Francis N. Sangunaa	Senior Manager - Human Resources
8	Eng. Cliff Maregeli	Senior Manager - ICT
9	Ms. Rehema Shabani	Ag. Senior Manager - Procurement
10	CPA Buyamba N. Buyamba	Chief Internal Auditor
11	Adv. Zaharani Kisilwa	Ag. Chief Legal Counsel and Company Secretary
12	Ms. Irene Marobe	Ag. Manager Public Relation

1.12 CORPORATE GOVERNANCE

1.12.1 Appointment and Composition of Board of Directors

The Board of Directors consists of nine (9) Directors at the date of signing, all of whom are non-executive. The Chairman of the Board is appointed by the President of United Republic of Tanzani while other Board members are appointed by the Minister of Energy. All Directors have served during the year under review and they were appointed on 13th November, 2019.

The names and particulars of directors of the Company who have served during the year, and up to the date of signing of financial statements were:

S/N	Name	Position	Age	Qualification/ Discipline	Nationality	Gender
1.	Dr. Alexander L. Kyaruzi	Chairman	67	Ph.D. (Electrical Engineering) Consulting Engineer	Tanzanian	Male
2.	Amb. Dr. James M Nzagi	Member	72	Ph.D. (Economic Science and Economic Management)	Tanzanian	Male
3.	Mr. Mathew M. Kirama	Member	56	Master (M.A in Public Administration	Tanzanian	Male
4.	Dr. Lugano Wilson	Member	57	Ph.D. (Energy Engineering), Ph. Licentiate (Engineering)	Tanzanian	Male
5.	Mr. Denis M. Manumbu	Member	48	MSc. (Mathematical and Computer Science & Engineering)	Tanzanian	Male
6.	Eng. Gilay C. Shamika	Member	46	MSc.(Engineering Management)	Tanzanian	Male
7.	Mr. Bubi J.Kulwa	Member	57	Ind. Econ, CPA(T)	Tanzanian	Male
8.	Dr. Gemma K. Modu	Member	61	Ph.D. (Executive Doctorate in Business Administration)	Tanzanian	Female
9.	Dr. John S.Kihamba	Member	53	Ph.D. (Public Administartion)	Tanzanian	Male

However, on 25th September, 2021 the Government made changes by appointing Mr. Omari Issa to be the Chairman of TANESCO Board of Directors. Subsequently, eight (8) directors was appointed to constitute TANESCO Board.

The names and particulars of directors of the Company who are currently serving the company and up to the date of authorizing the financial statements are:

S/N	Name	Position	Age	Qualification/ Discipline	Nationality	Gender
1.	Mr. Omari Issa	Chairman	74	MBA (Columbia University New York), BSc (Hons) Polytechnic of Central London	Tanzanian	Male
2.	Amb. Mwanaidi S. Maajar	Member	67	Masters of Laws (University of Dar es Salaam)	Tanzanian	Female
3.	Mr. Abubakar Bakhresa	Member	45	BSc (George Town university)	Tanzanian	Male
4.	Eng. Abdallah Hashim	Member	52	BSc (Mechanical Engineering)	Tanzanian	Male
5.	Mr. Christopher Gachuma	Member	75	Businessman	Tanzanian	Male
6.	Eng. Cosmas Masawe	Member	68	MSc. (Engineering Management)	Tanzanian	Male
7.	Mr. Lawrence Mafuru	Member	49	MBA (University of Dar es Salaam)	Tanzanian	Male
8.	Mr. Nehemia Mchechu	Member	48	Bcom (Finance)	Tanzanian	Male
9.	Ms. Zawadia Nanyaro	Member	49	MBA (University of Dar es Salaam)	Tanzanian	Female

1.12.2 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 MD 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 (3) pillars of Governnance namely; integrity, transparency and accountability.

1.12.3 Board Meetings

During the year the Board of Directors held a total of nine (9) meetings whereby two (2) were Ordinary Meetings and seven (7) were Special Meetings. The two (2) ordinary meetings deliberated on Transmittal reports from 1st and 2nd quarterly Committees Meetings while the Special Meetings deliberated on; Review of the Tariff for Power Supply to Zanzibar, Review Transmittal reports from Special Committee Meetings, Review of the Directives issued by the Minister of Energy and Review of the Institutional set up of Rusumo Hydroelectric falls Power Project.

1.12.4 Board Committees

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 deal with, or provide for, issues such as the composition of Board Committees, duties and responsibilities, and their scope of authority.

During the year under review, board committees held a total of 27 meetings, of which 12 were ordinary and 15 were special meetings.

a) Corporate Governance Committee (CGC)

The CGC deals with all finance and administration matters of the Company. The following were the members of the committee:

S/N	Name	Position	Qualification/Discipline
1.	Dr. Lugano Wilson	Chairman	Ph.D. (Energy Engineering), Ph. Licentiate (Engineering)
2.	Mr. Denis M. Manumbu	Member	Msc (Mathematical and Computer Science & Engineering)
3.	Dr. John S. Kihamba	Member	Ph.D (Public Administration)

The CGC reports to the Board of Directors of the Company. During the year the committee conducted three (3) ordinary meetings whereby the committee deliberated on the 1st, 2nd and 3rd Quarterly reports from the following Business Units; Finance, Information and Technology, Company Secretariat, Procurement Management and Public Relations.

Furthermore, the Committee held two Special Meetings whereby the following issues were deliberated; Review of the revised Corporate Budget 2019/2020 and Review of the Corporate Budget 2020/2021.

b) Investment, Planning and Operations Committee (IPOC)

IPOC deals with technical matters relating to investment, planning and operations. The following were the members of the IPOC:

S/N	Name	Position	Qualification/Discipline
1.	Eng. Dr. Gema K. Modu	Chairman	Ph.D (Executive Doctorate in Bussiness Administration
2.	Amb. Dr. James M. Nzagi	Member	Ph.D. (Economic Science and Economic Management)
3.	Eng. Gilay C. Shamika	Member	MSc. (Master of Engineering Management)

The IPOC reports to the Board of Directors of the Company. During the year the IPOC conducted three (3) ordinary meetings. In referred meetings the IPOC deliberated on the 1st, 2nd and 3rd Quarter reports from Generation, Transmission, Distribution and Investments Business Units.

Additionally, the Committee held six (6) Special Meetings whereby the following issues were discussed; Review of the MoU between TANESCO and TRC on implementation of SGR Project; Review of the revised APP, Review of the Annual Procurement Plan; review of the Corporate Strategic Plan; Review of the PSA between TANESCO and Bagamoyo Sugar; Review of the PSA between TANESCO and M & P Exploration Company Limited.

c) Audit and Risk Committee (ARC)

The Committee's duties includes overseeing the functions of the auditors, determining the non-audit services that the auditors may provide, reviewing the annual financial statements, internal controls, and the Internal Audit and Risk Management functions.

The ARC deals with matter relating to Audit and Risk. The following were the members of the ARC committee.

S/N	Name	Position	Qualification/ Discipline
1.	Mr. Bubi J. Kulwa	Chairman	Ind.Econ. CPA (T)
2.	Eng. Gilay C. Shamika	Member	Msc. (Master of Engineering Management)
3.	Mr. Denis M. Manumbu	Member	Msc (Mathematical and Computer Science & Engineering)

The ARC reports to the Board of Directors of the Company. ARC conducted three (3) ordinary meetings during the year. During the said meetings the Committee deliberated on the 1st, 2nd and 3rd Quarter Report from the Internal Audit Unit.

On top of the above the Committee conducted two (2) Special Meetings whereby the Committee deliberated on the Audit Plan FY 2020/21 and Review of the Company Audited Financial Reports for the FY ended 30 June 2020.

d) Human Resources and Remuneration Committee (HRRC)

The main duties of this Committee include the formulation, development and implementation of remuneration and human capital strategies, policies, plans and programmes for the entire organization as well as various staff welfares.

S/N	Name	Position	Qualification/ Discipline
1.	Mr. Mathew M. Kirama	Chairman	M.A in Public Administration
2.	Amb. Dr. James M. Nzagi	Member	Ph.D. (Economic Science and Economic Management)
3.	Dr. Samuel J. Kihamba	Member	Ph.D (Public Administration)

The HRRC reports to the Board of Directors of the Company. The committee conducted three (3) ordinary meetings during the year whereby the Committee deliberated on the 1st, 2nd and 3rd Quarter reports from the Human Resources Business Unit. Also the HRRC held five (5) Special Meetings to deliberate on the proposed Human Resources Tools that is the Scheme of Service, Staff Regulation, Incentives Scheme, Human Resources Needs Assessment and Salary Structure.

1.13 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 HR Policy which details all remuneration entitlements. The remuneration entitlements include Emoluments and Traveling Allowances within the country and outside the country.

1.14 COMPANY'S CAPITAL STRUCTURE

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

SHARE CAPITAL	30 June 2021 TZS 'million	30 June 2020 TZS 'million
Authorised: Ordinary Shares		
120,000,000,000 ordinary shares of TZS 20 each	2,400,000	2,400,000
Issued and fully paid:		
56,568,418,061 ordinary shares of TZS 20 each	1,131,368	1,131,368

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

ADVANCE TOWARDS SHARE CAPITAL	**30 June 2021 TZS 'million**	**30 June 2020 TZS 'million**
At start of year	425,027	807,746
Cash receipts	1,545	27,899
Transfer from Grant/Borrowing - SIDA	-	47,552
Released to Share Capital	-	(144,652)
Fair value of low interest loans	-	(313,487)
At end of year/period	**426,572**	**425,027**

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

1.15 COMPANY RELATIONSHIPS

The company considers its relationships with direct customers and suppliers; beneficiaries of electrification efforts and corporate social investment (CSI) activities; the communities in which the company operates as well as the public in general, which constitutes the company indirect customers. 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 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 support 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 were no industrial unrest reported apart from disciplinary cases to employees engaged in unethical behaviour.

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, tribes, 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 programme still forms the company's most direct contribution in transforming societies.

1.16 SHAREHOLDERS OF THE COMPANY

The Company is 100% owned by the Government. As at 30 June, 2021 issued and paid up Ordinary Shares were 56,568,418,016 valued at TZS 1,131,368 million.

1.17 MANAGEMENT OF THE COMPANY

Management of the Company is under the Managing Director who reports to the Board of Directors. The company's operations are splitted into the following business units: Generation, Transmission, Distribution and Customer Services, Investment, Finance, Information Communications Technology, Human Resource, Procurement, Legal Counsel & Company Secretariat and Public Relations. There is also an independent unit of Internal Audit, which administratively reports to Managing Director and functionally to the Audit and Risk Committee.

1.18 PERFORMANCE REVIEW

1.18.1 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 an inclusive working environment, and care and 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, including the growth of its customer base. Key parameters of interest include 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 managing a banking institution.

d) Financial Performance

This Indicator will measure compliance with financial Regulations, Circulars, Standards, and Best Practices. It measures how an entity ensures profitability, control costs, generates a return to shareholders while serving its core service delivery, attracts future investments and customers, and manages financial risks (incl. controlling debt levels).

e) **Good Governance and Control**

This criterion measures the adherence to Good Governance and 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.

1.18.2 Trend Performance Review

The Company's financial health has improved in the past few years. The financial performance for the year improved slightly with most of the financial ratios better than in 2020, but still far below acceptable norms.

During the year under review, the company earned a net Profit of TZS 50,786 million (30 June 2020: TZS 53,275 million). The total revenue increased by TZS 76,667 million to 1,641,019 million in the current year mainly due to the increase in revenue from T1-General Use Tariff category and T3-Industrial Customer where new customers were connected with electricity during the year. However, revenue growth rate was slow during the year due to the COVID-19 pandemic which led to a decline in the use of electricity because some customers closed down their businesses.

In a bid to increase, the company is working with the Government to identify possible solutions in order to make the electricity supply industry more reliable, sustainable and competitive, including incentive pricing to optimise electricity sales to energy-intensive customers and stimulate local sales.

Furthermore, in appraising 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 profit margin was 3.69% which is lower compared to the previous year margin 4.45% by 0.8%. This shows that there was a need to improved efficiency in managing the primary costs.

b) **Operating Profit Margin**

For the year under review, the company's profit margin was 7.9% which is higher compared to the previous year margin (7.7%) by 0.2%. This shows that there was improved efficiency in managing the operating costs.

c) **Current ratio**

The current ratio for the year under review has improved by 5.82% from 57.90% due to increase in cash and bank balances by TZS 311,486 million and Inventory by TZS 5,419. The ratio still indicates that the company is not in a position to meet its matured short-term obligations.

1.18.3 Budget Performance Review

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 (%)
Revenue			
Electricity Sales	1,641,019	1,686,551	-3%
Other Income	576,806	222,715	159%
Total Revenue	**2,217,825**	**1,909,266**	16%
Expenditures			
Cost of Generation	830,438	804,211	-3%
Repair and Maintenance	72,324	96,620	25%
Administration Cost	745,362	439,013	-70%
Depreciation and Finance Cost	518,916	555,949	7%
Total Expenditures	2,167,040	**1,895,793**	-14%
Profit/Loss	**50,786**	13,473	

1.19 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). The company also maintained in Songas Ltd and East African Cables Ltd with shareholdings of 9.56% and 10% respectively.

1.20 DIVIDEND

In spite of the fact that, for period under review the company recorded a profit of TZS 50,786 the Directors could not declare payment of dividend due to significant accumulated losses the company has been incurring. Nevertheless, the Company contributed TZS 1,724 million to the Government (owner). The contributed amount during the period is higher by TZS 150 million (2019/20: TZS 1,574 million).

1.21 CASHFLOWS

During the year, the Company generated 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 received cash from connection of service lines to customers, interest on overdue electricity bills and other sources.

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

The Company's cash flow projections indicate that sufficient positive cash flows will be generated from the Company's operating activities which the Company intends to use 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 39, the company relies of Government support to successfully meet such huge projects.

1.22 FUTURE PROSPECTS

The demand of electricity in the country is expected to continue growing due to the emphasis from the Government for investment in industries from both local and foreign investors. 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 projects such as the JNHPP, contruction of various transmission and distribution infrastructures which will enable the provision of electricity at a lower cost in order to meet the growing demand.

1.23 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 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 materialise. 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 overdraft 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 following measures;

Ensure 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 technologies to protect and collect company's revenue, include Pre-paid billing system, Automatic Meter Infrastructure (AMI), System Delivery Management system (SDM).

b) Aging Infrastructure

To mitigate this risk, the company has taken the following measures;

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 the following measures;

Enhance compliance to PPRA Act and Regulations and continuous capacity building.

d) Natural and manmade disasters

To mitigate this risk, the company has taken the following measures;

Diversity of power sources/ generation mix, put in place corporate disasters recovery programs, strengthen security programs.

e) High system losses

To mitigate this risk, the company has taken the following measures;

Investment 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 the following measures;

Improvement of 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 taken the following measures;

Establishment of 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 has taken the following measures;

Enhancing compliance to Customer Service Charter and improving customer service Use of Media Educational Programs.

i) Unethical practices

To mitigate this risk, the company has taken the following measures;

Strengthen ethical committee to and follow-up of ethical report from committee, establishment of incentive system and provision of conducive working environment and facilities.

j) Embezzlement

To mitigate this risk, the company has taken the following measures;

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 taken the following measures;

Offering 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 taken the following measures;

Periodically 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 minimizes 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.

Some of the 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.

As a mitigating measure, the Company has invested in the rehabilitation and maintenance of generation, transmission and distribution infrastructures in order to improve 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. The losses are categorised as technical or non-technical in nature.

As a mitigating measure, during the year under review the 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.

As a mitigating measure, during the period under review, the company has taken the following measures;

Deployment of 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.

As a mitigating measure, during the year under review the company has ensured that, other alternative sources of power generation are readily available to meet customers' demand should there be a need. However, during the year under review hydrology condition was favourable to allow generation through hydro power plants.

1.24 COMPLIANCE WITH LAWS AND REGULATIONS

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

1.25 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. 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 partly 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.

1.26 EMPLOYEES' WELFARE

1.26.1 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 were 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.

1.26.2 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 and without regard to 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 193 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 2019/20	642	349	293	493	149
FY 2020/21	193	125	68	172	21

On the other hand, during the year under review, 269 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	FY 2020/21	Technical	Non-Technical
1	Retired	193	95	98
2	Terminated	7	3	4
3	Resigned	6	5	1
4	Deceased	44	20	24
5	Abscondment	2	2	0
6	Transfers	17	6	11
Total		269	131	138

1.26.3 Capacity Building

During the year under review, the Company expended TZS 10,354 million for staff training in order to improve employee's technical skills and productivity (2019/20: TZS 9,133 million). The Company trained 5,078 employees in various capacity building programs (2019/20: 5,861). Out of the total staff who underwent training during the year, 5,056 staff were trained locally and 22 staff were trained abroad through Company funds.

1.26.4 Medical Assistance

During the year under review, the company continued to render medical assistance to its employees as detailed below:

a) **National Health Insurance Fund (NHIF)**

A total TZS 6,567 million was spent as cost for medical insurance for staff through National Health Insurance Fund (NHIF).

b) **Combating COVID-19 Pandemic**

During the year, the Company continued taking various steps to combat spread of COVID-19 among employees. A total amount of TZS 131 million was spent for purchase of infrared thermometers which were distributed across the company and purchase of protective gears (hand sanitizers, dispensers, mask, soap and repair of hand washing machines.

c) **HIV /AIDS**

During the year 60 employees living with HIV were provided care and support. A total amount of TZS 285 million was spent for Nutritional Food Supplements.

In line with the above, the company conducted HIV / AIDS awareness whereby 6,430 were tested out of whom 34 were found positive (0.52%) and were referred to care and medical treatment centres for further medical attention.

d) **Non Communicable Diseases**

During the year under review, the Company conducted Hepatitis B screening and Vaccination for 935 new employees whereby 906 employees were vaccinated and 29 employees were found positive. All 29 employees were facilitated to attend further screening and treatment at Muhimbili National Hospital.

1.26.5 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 2019/20 from 128 to 102 and 49 to 39 respectively.

1.26.6 Pension Scheme and Workers Compensation

During the year under review, the Company paid TZS 20,724million (2019/20: TZS 21,406 million) being contributions to Public Administered Pension Schemes i.e. Public Service Social Security Fund (PSSSF) and TZS 828 million (2019/20: TZS 866 million) as compensation to Workers Compensation Fund (WCF).

1.26.7 Persons with Disabilities

It is the Company's policy to accept disabled persons for employment for 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.

1.26.8 Gender Parity

During the year under review, the Company had 10,706 employees out of which 7,151 are permanent and pensionable employees and 3,555 are specified period employees. In terms of gender distribution, male were 8,635 (81%) and female were 2,071 (19%). The table 5 below details gender parity exhibition within the company:

Table 5: Gender Parity

	Permanent Employee			Specified Employees		
Financial Year	Male	Female	Total	Male	Female	Total
2020/21	5,726	1,425	7,151	2,909	646	3,555
2019/20	5,862	1,482	7,344	2,586	751	3,337

1.27 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 40 to the financial statements.

1.28 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 68 million.

1.29 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 lenders requirements.

The Company has all along been in compliance with the Environmental Management Act Cap 191 and Environmental Impact Assessment and Audit Regulations of 2005.

1.30 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 are to develop power using geothermal resources, construction and maintenance of transmission and distribution networks and manufacturing of 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.

1.31 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 behaviour, 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.

1.32 PREJUDICIAL ISSUES

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

1.33 RESPONSIBILITY OF THE AUDITOR

The Responsibility of the Controller and Auditor General Auditor's for the Audit of the Financial Statements is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or errors, 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 ISSAI will always detect a material misstatements when they exist. 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.

1.34 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 misstatements, whether due to fraud or errors.

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.

1.35 STATEMENT OF COMPLIANCE

The Directors' report has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (Directors' Report) and the Tanzanian Companies Act, 2002.

1.36 AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of the Group and Company separate 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.

BY ORDER OF THE BOARD

Approved by the Board of Directors on 22-03-2022, and signed on its behalf by;

Chairman: Omari Issa	22-03-2022 **Date**

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

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 reporting date.

The consolidated and separate financial statements for the year ended 30 June 2021, were approved by the Board of Directors for issue and signed on its behalf by:

Chairman: Omari Issa	22.03.2022 **Date**

3.0 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 concerned.

It is 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 Head of Finance of Tanzania Electric Supply Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements 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: Chief Financial Officer

NBAA Membership No. ACPA 1721

4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

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 2021, 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, 2021, 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 in compliance with the requirements of the Tanzanian Companies Act, 2002.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled, "Responsibility of the Controller and Auditor General Auditor's for the Audit of the Financial Statements". I am independent of the Tanzania Electric Supply Company Limited 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 Directors' Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or errors.

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 misstatements, whether due to fraud or errors 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 material misstatements when they exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

Compliance with the Public Procurement laws of Tanzania

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

I performed a compliance audit on procurement of works, goods and services at TANESCO for the financial year 2020/21 as per the Public Procurement laws of Tanzania.

Conclusion

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

1. Delays in approving Amendment to the Contract - Lot 1

My review of Tender No. PA/001/2020-21/HQ/G/134 on Supply of Distribution Line Materials for Construction of 33Kv Double Circuit Distribution Line from Gongo la Mboto Substation to Julius Nyerere Hydropower Project noted delays of 18 months in signing the Amendment to the Contract (of the amended scope) since signing of the original contract in March, 2020, despite the delivery of materials being prior signing of amendment implying that the implementation of the project was as per the terms of the original contract and not amended scope.

2. Supply of Additional Materials without Amendment of Scope

In March, 2020 TANESCO signed a contract No. PA/001/2020-21/HQ/G/134 (Lot 3) with M/s VOLEX ELECTRICAL & DECORATORS LTD for Supply of Distribution Line Materials for Construction of 33Kv Double Circuit Distribution Line from Gongo la Mboto Substation to Julius Nyerere Hydropower Project (JNHPP) for the contract sum of TZS 3,636,947,817.87 VAT inclusive for Two (2) Months.

Upon inquiry from Project Manager on the progress of the project, I noted that all materials were already delivered, however no payment had been made to the supplier as of the period of audit (September, 2021) as there was an ongoing reconciliation analysis with the supplier claim to supply additional materials upon TANESCO request other than the quantities on the original contract. However, I could not get the evidence for verification of the same.

3. Weakness noted in Tender No. PA/001/2017-18/HQ/G/83 worth USD 1.73 million

TANESCO entered into a contract with M/s China Petroleum Technology and Development Corporation on 13 July 2020 for Tender No Tender No. PA/001/2017-18/HQ/G/83 Lot I and II for supply, installation, testing and commissioning of Gas meters at Ubungo I and II; Tegeta; Kinyerezi I and II; and Somanga Gas plant at a contract sum of USD 1,726,996.89 (VAT Inclusive) with expectation of completion within six months from commencement date.

However, upon review of the procurement process and contract management of the above cited tender, I noted the following weaknesses; prolonged procurement processes for about 882 days; Non-confirmation of budget estimates by the user department; lack of site handover date to determine works commencement date for contract; Delay in payment of advance after submission advance payment guarantee and; Improper composition of the Negotiation Team and non-nomination of the Chairman for the negotiation team.

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

5.0 FINANCIAL STATEMENTS

CONSOLIDATED AND SEPERATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

		Consolidated		Separate	
		30 June 2021	30 June 2020 Restated	30 June 2021	30June 2020 Restated
	Note	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-current assets					
Property, plant and equipment	16	10,780,252	7,359,337	10,771,974	7,354,441
Capital work in progress	17	4,520,181	2,592,825	4,517,239	2,596,705
Intangible asset	18	9,728	8,677	9,703	8,605
Investment property	19	-	91	-	91
Investment in subsidiary	20	-	-	45,558	36,999
Investment in associate	21	702	208	3,678	3,184
Other investments	22	44,933	35,538	44,933	35,538
Capacity charges prepayment	23	13,779	18,265	13,779	18,265
		15,369,575	**10,014,941**	**15,406,864**	**10,053,828**
Current assets					
Inventories	25	9,431	9,032	9,431	9,032
Trade and other receivables	26	697,015	268,604	683,744	270,956
Prepayments	38	751,931	1,028,221	751,572	1,027,022
Withholding tax recoverable		8,352	3,117	8,055	3,070
Restricted cash	27(b)	-	16,468	-	16,468
Bank balances and cash	27(a)	451,796	139,978	430,431	118,942
		1,918,525	**1,465,420**	**1,883,233**	**1,445,490**
Total assets		**17,288,100**	**11,480,361**	**17,290,097**	**11,499,318**
Capital and reserves					
Share capital	28(a)	1,131,368	1,131,368	1,131,368	1,131,368
Advance towards share capital	28(b)	426,572	425,027	426,572	425,027
Accumulated losses		(2,172,576)	(2,226,416)	(2,148,863)	(2,199,598)
Reserves		4,405,560	2,256,142	4,402,962	2,256,142
Total equity		**3,790,924**	**1,586,121**	**3,812,039**	**1,612,939**
Non-current liabilities					
Deferred tax liability	24	2,021,275	1,111,315	2,021,471	1,111,386
Grants	29	6,893,360	5,228,475	6,872,045	5,206,921
Borrowings - Non-current portion	30	1,207,157	584,084	1,207,157	584,084
Consumer deposits	33	15,973	16,179	15,973	16,179
Asset Retirement Obligation	37	2,392	1,675	2,392	1,675
Deferred income		67,806	34,848	67,806	34,848
Other employment benefits	31	38,764	33,161	38,764	33,161
		10,246,727	**7,009,737**	**10,225,608**	**6,988,254**

		Consolidated		Separate	
		30 June 2021	30 June 2020 Restated	30 June 2021	30June 2020 Restated
	Note	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Current liabilities					
Trade and other payables	32	2,365,819	1,883,416	2,367,346	1,897,158
Borrowings - Current portion	30	314,097	779,692	314,097	779,692
Provisions	36	550,886	204,061	550,886	204,061
Income tax payable	35	19,647	17,334	20,121	17,215
		3,250,450	**2,884,503**	**3,252,450**	**2,898,125**
Total liabilities		**13,497,177**	**9,894,240**	**13,478,058**	**9,886,379**
Total equity and liabilities		**17,288,102**	**11,480,361**	**17,290,097**	**11,499,318**

The financial statements were authorised for issue by the Board of Directors on 22-03-2022, and were signed on its behalf by:

Issa

Chairman: Omari Issa

Managing Director: Maharage Chande

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 30 June 2021 TZS 'm	Consolidated 30 June 2020 TZS 'm	Separate 30 June 2021 TZS 'm	Separate 30 June 2020 TZS 'm
Revenue	9	1,658,235	1,564,353	1,641,019	1,564,353
Cost of sales	10	(1,587,294)	(1,494,724)	(1,580,524)	(1,494,724)
Gross (loss)/profit		**70,941**	**69,629**	**60,495**	**69,629**
Other income	11	577,231	224,192	576,806	225,751
Impairment of Financial Assets	12(a)	(2,697)	4,863	(2,338)	5,440
Operating expenses	12(b)	(510,965)	(185,684)	(505,046)	(180,832)
Operating (loss)/profit		**134,510**	**113,000**	**129,917**	**119,988**
Interest income on bank deposits	13(b)	199	340	199	340
Finance cost	13(a)	(79,864)	(69,449)	(79,864)	(69,449)
Net finance cost		**(79,665)**	**(69,109)**	**(79,665)**	**(69,109)**
Share of loss in associate	21				
Profit before tax		**54,845**	**43,891**	**50,252**	**50,879**
Income tax credit/(charge)	14	(954)	1,356	533	2,396
Profit for the year		**53,891**	**45,247**	**50,785**	**53,275**
Other comprehensive income (net of tax)					
Re-measurement of Defined Benefit Plan		(193)	(200)	(193)	(200)
Unrealized gain on equity		9,395	-	9,395	-
Deferred tax at 30%		(920,870)	60	(920,090)	60
Revaluation gain		3,060,364	(2)	3,057,766	
Other Comprehensive income net of Tax		**2,148,696**	**(142)**	**2,146,878**	**(140)**
Total comprehensive (loss)/profit for the year		**2,202,587**	**45,105**	**2,197,663**	**53,136**

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED	Share capital	Advance towards share capital	Revaluation reserve	Fair value reserve of Financial assets	Fair valuation of loan	Other Reserve	Accumulated losses	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2021								
Balance at 01 July 2020	1,131,368	425,027	2,231,057	25,192	-	(107)	(2,103,727)	1,708,811
Impact of correction of errors							(122,689)	(122,689)
Balance at 1st July 2020 -restated	1,131,368	425,027	2,231,057	25,192	-	(107)	(2,226,416)	1,586,122
Profit for the year	-	-	-	-		-	53,891	53,891
Other comprehensive income (OCI)	-	-	-	9,395	-	(193)	-	9,202
Total Comprehensive Income	-	-	-	9,395	-	(193)	53,891	63,093
Prior Year Adjustment							(51)	(51)
Deferred tax liability on fair valuation	-	-	-	(2,819)	-	-	-	(2,819)
Revaluation adjustment	-	-	3,060,364	-	-	-	-	3,060,364
Deferred tax liability on Gain on revaluation of asset			(917,330)					(917,330)
Transactions with owners:								
Advance towards Share capital		1,545			-			1,545
Balance as at 30 June 2021	**1,131,368**	**426,572**	**4,374,091**	**31,769**	**-**	**(300)**	**(2,172,576)**	**3,790,924**

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

SEPARATE	Share capital TZS 'm	Advance towards share capital TZS 'm	Revaluation reserve TZS 'm	Fair value reserve of Financial assets TZS 'm	Fair valuation of loan TZS 'm	Other Reserve TZS 'm	Accumulated losses TZS 'm	Total TZS 'm
Year ended 30 June 2021								
Balance at 1st July 2020	1,131,368	425,027	2,231,057	25,192		(107)	(2,076,909)	1,735,629
Impact of correction of errors							(122,689)	(122,689)
Balance at 1st July 2020 -restated	**1,131,368**	**425,027**	**2,231,057**	**25,192**		**(107)**	**(2,199,598)**	**1,612,940**
Profit/Loss for the year	-	-	-	-	-	-	50,786	50,786
Other comprehensive income:	-	-	-	9,395	-	(193)	-	9,202
Total Comprehensive income	-	-	-	9,395	-	(193)	50,786	59,988
Deferred tax liability on equity instrument	-	-	-	(2,819)	-	-	-	(2,819)
Revaluation adjustment			3,057,766					3,057,766
Deferred tax on revaluation of asset			(917,330)					(917,330)
Prior Year Adjustment							(51)	(51)
Transactions with owners:								
Advance towards Share capital		1,545						1,545
Balance as at 30 June 2021	**1,131,368**	**426,572**	4,371,493	**31,769**	-	(300)	(2,148,863)	3,812,039

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED	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 2020							
Balance at 1st July 2019	986,717	807,745	2,299,985	25,192	33	(2,356,712)	1,762,960
Impact of initial application of IFRS 9	-	(313,487)	-	-	-	207,739	(105,748)
Balance at 1st July 2019 -restated	986,717	494,258	2,299,985	25,192	33	(2,148,974)	1,657,211
Loss for the year	-	-	-	-	-	45,246	45,246
Other comprehensive income (OCI)	-	-	-	-	(200)	-	(200)
Total Comprehensive Income	-	-	-	-	(200)	45,246	45,047
Correction of error	-	-	-	-	-	(122,689)	(122,689)
Transfer from Advance towards share capital	144,652	(144,652)	-	-	-	-	-
Deferred tax liability on equity instrument		-			60		60
Revaluation adjustment	-		(68,928)	-		-	(68,928)
Transactions with owners:							
Advance towards Share capital	-	-	-	-	-	-	-
Balance as at 30 June 2020	**1,131,368**	**425,027**	**2,231,057**	**25,192**	**(107)**	**(2,226,416)**	**1,586,121**

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

SEPARATE	**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 2020							
Balance at 01 July 2019	**986,717**	**807,745**	**2,299,985**	**25,192**	**33**	**(2,337,923)**	**1,781,749**
Impact of initial application of IFRS 9	-	(313,487)	-	-	-	207,739	(105,748)
	986,717	494,258	2,299,985	25,192	33	(2,130,184)	1,676,000
Profit/Loss for the year	-	-	-	-	-	53,275	53,275
Other comprehensive income:	-	-	-		(200)		(200)
Total Comprehensive income				-	(200)	53,275	53,076
Re-measurement of share	-	-	-	-	-	-	-
Fair valuation of interest-free Loans on initial recognition					-		
Transfer from Advance towards share capital	144,652	(144,652)	-	-		-	-
Deferred tax liability					60		60
Revaluation adjustment	-	-	(68,928)	-	-	-	(68,928)
Correction of error	-	-	-	-	-	(122,689)	(122,689)
Transactions with owners:							
Advance towards Share capital	-	75,421	-	-	-	-	75,421
Balance as at 30 June 2020	**1,131,368**	**425,027**	**2,231,057**	**25,192**	**(107)**	**(2,199,598)**	**1,612,939**

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	CONSOLIDATED 30 June 2021 TZS 'm	CONSOLIDATED 30 June 2020 Restated TZS 'm	SEPARATE 30 June 2021 TZS 'm	SEPARATE 30 June 2020 Restated TZS 'm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operating activities	34	1,148,503	165,889	1,146,242	177,732
Interest paid	30	(4,683)	(12,760)	(4,683)	(12,760)
Tax paid		(9,973)	(3,622)	(7,769)	(1,029)
Net cash from operating activities		**1,133,847**	**149,507**	**1,133,789**	**163,943**
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to capital work in progress		(2,584,724)	(484,143)	(2,579,748)	(478,914)
Transfer to subsidiary Property & Equipment		(1,528)	-	-	-
Acquisition of Property, Plant & Equipment			(290)		-
Acquisition of subsidiary	20	-	-	(8,559)	(9,621)
Addition of intangible			(84)		-
Acquisition of other investment	21				
Net cash used in investing activities		**(2,586,252)**	**(484,518)**	**(2,588,307)**	**(488,534)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	30	40,422	25,689	40,422	25,689
Loan repayments	30	(56,072)	(94,523)	(56,072)	(94,523)
Change in restricted cash	27		-		-
Proceeds from grants	29	1,763,644	385,423	1,763,644	385,423
Proceeds towards share capital		1,545	-	1,545	-
Net cash generated from financing activities		**1,749,538**	**316,589**	**1,749,538**	**316,589**
Net increase/decrease in cash and cash equivalents		**297,134**	**(18,421)**	**295,021**	**(8,002)**
Movement in cash and cash equivalents					
Cash and cash equivalents at beginning of year		156,602	166,209	135,566	143,569
Increase during the year		295,351	(9,607)	295,021	(8,002)
Cash and cash equivalents at end of year	27	**451,953**	**156,602**	**430,588**	**135,566**

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 year ended 30 June 2021 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.

Details of the accounting policies are included in Note 7

Consolidation

The consolidated financial statements have been prepared on a historical cost basis, except for low interest loans and borrowings on lent borrowed by the Government on behalf of the Company have been measured at fair value. 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 (TCPMC). These subsidiaries were incorporated on 19th December 2013, 7th June 2016 and 16th December 2014 respectively.

The consolidated financial statements include the financial statements of Tanzania Electric Supply Company Limited and its subsidiaries, all made up to 30 June 2021. The consolidated financial statements are of the Group and Company (Separate).

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 consolidated and separate financial statements in conformity with International Financial Reporting Standards (IFRS) which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i) Judgements

The areas that Management uses judgements, which have most significant effects on the consolidated and separate financial statements, include:

a. Consolidation: whether the Company has de facto control over a Subsidiary or an investee, and

b. Lease classification.

c. IFRS 9 -Financial instrument (Expected credit losses impairment of Trade receivables and other receivables).

ii) Assumptions and estimation uncertainties

Below are the areas of estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent financial years.

a. Income tax

The Group is subject to income taxes to the government. However, recognition of liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

b. Property, Plant & Equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 7(d).

c. Trade and Other Receivables Provisioning

Critical estimate is made in determining fair value receivable from customers by estimating provisional bad debt basing on current policy.

d. Impairment Provisions

Critical estimates are made by directors in determining the carrying amount of impaired property, plant and equipment.

e. Asset Retirement Obligation (ARO)

This is a provision for costs expected in the future to dismantle the power generation plants (hydro power plants and gas power plants) and restore the sites to their condition prior to installation of the Group's power generation plants. The costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement liability. The unwinding of the discount is expensed as incurred and recognized in profit or loss as a finance cost. The estimated future costs of ARO are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

f. Revenue Estimation

The directors make judgment matter in recognizing revenue at the year-end from the prepaid power purchases made in June. For the individual prepaid sales, the prepayment for the last five days of the month is deferred to the following year as below:

Sales made on 30 June: 100% deferred revenue;
Sales made on 29 June: 80% deferred revenue;
Sales made on 28 June: 60% deferred revenue;
Sales made on 27 June: 40% deferred revenue; and
Sales made on 26 June: 20% deferred revenue;

ii) Measurement of Fair Values

A number of Group's accounting policies and disclosure require the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements.

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in 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 input that is significant to the entire measurement.

5 NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED BY THE GROUP

New and changes to standards and interpretations that are effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements as at reporting date.

- *Onerous contracts-Cost of fulfilling a contract (Amendments to IAS 37)*.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purposes of assessing whether the contract is onerous. The amendments apply for the annual reporting periods beginning on or after 1 January 2022 to a contracts existing at the date where amendments are first applied. At the date of initial application, the cumulative effective of applying this amendment is recognized as opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparative is not restated.

- *Definition of a Business (Amendments to IFRS 3).*

The amendments provide more guidance on the definition of a business. The effect of these changes is that the new definition of a business is narrower. This could result in fewer business combinations being recognized

- *Definition of Material (Amendments to IAS 1 and IAS 8)*.

The definition of 'material' has been refined and practical guidance on applying the concept of materiality has been issued. The revised definition of material is: 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

- Another Standard

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

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Property, Plant and Equipment; Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

6 GOING CONCERN

The Group earned a net Profit of TZS 53,891 million and Company earned a net Profit of TZS 50,786 million for the year ended 30 June 2021 (30 June 2020: Group earned a net profit of TZS 45,247 million and Company: TZS 53,275 million).

The Group remains reliant on Government support to finance its turnkey projects while internal revenues are financing operations and other small development projects. In addition, the Company holds 100% shares in the subsidiary companies whose mission are to develop power using geothermal resources, construction and maintenance of transmission and distribution networks and manufacturing of 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 following indicators support going concern assumption.

a) The ongoing construction of Julius Nyerere Hydro Power Project 2115MW (JNHPP) funded by the Government at an expected cost of TZS 6.5 trillion will enable the Company to significantly continue enjoying cost saving from using this source to generate power in comparison to the cost of power purchased from independent Power Producers (IPP's). In line with, in this financial year, the Government spent a total of TZS 1.5 trillion for construction of JNHPP.

b) The completion of construction of gas pipeline from Mtwara to Dar es Salaam by the Government in September 2015, the commissioning of Kinyerezi I 150 MW gas-fired power plant and 240MW Kinyerezi II Combined Circle gas fired power plant as well as on going extension of Kinyerezi I gas fired plant by 185MW. .

   This enable the Company to enjoying cost savings by using its own source of power to generate electricity and escape the use of costly energy, purchased from Independent Power Producers (IPP's).

c) 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.

   This enable to stabilized power transmission and enhance readiness to power interconnection toward cross border power trading.

d) The Government has been co-financing rural electrification projects through its agency, the Rural Energy Agency (REA). In addition, the Government has continued to solicit grants from external donors to finance electrification projects and rehabilitation of distribution and transmission networks. The REA III round one project cost is TZS 1.1

trillion and intends to electrify a total of 3,359 villages with 180,768 most part of the project completed at 30 June 2021.

In view of the above, the directors of the Company believe that the Company will continue to operate on a going concern basis.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

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 eliminated on consolidation

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 includes 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. 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, it can be reliably measured and when it is probable that future economic benefit will flow to the Company.

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.

During the year, the group adopt IFRS 15 in recognition of Revenue from Contract with customers which require the revenue to be recognize at point in time when electricity is consumed by the customer (when control is transferred). Revenue is measured based on consideration specified in a contract with a customer and excludes amount collected on behalf of third parties.

No change significantly on initial recognition of IFRS 15 is impacted in the financial statement as compared to the revenue recognition under IAS 18, management has not raise any adjustment to restate the retained earnings in the statement of financial position.

Revenue represents income arising in the course of Group's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Group accounts for a revenue contract with a customer only when all of the following criteria are met:

- 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;
- The Group can identify each party's rights regarding the goods or services to be transferred;

- The Group can identify the payment terms for the goods or services to be transferred;
- 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
- 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

c) Property, plant and equipment

All categories of property, plant and equipment except motor vehicles, strategic spares and office equipment are measured at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross asset. All other property, plant and equipment are stated at historical cost less depreciation and accumulated impaired losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Leasehold land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss when incurred.

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 is charged against revaluation reserve directly in equity; all other decreases are charged to profit or loss.

Depreciation on other 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	12 - 60 years
Thermal-generation equipment	10 - 50 years
Transmission systems	4 - 60 years
Distribution systems	8 - 60 years
Buildings	5 - 54 years
Motor vehicles	4 - 6 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 putting 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.

d) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost. Subsequently, investment property is 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 includes expenditure that is directly attributable to the acquisition of the investment 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.

e) 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 projects are not depreciated.

f) 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.

g) 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. These funds do not have original maturities of three months or less.

h) 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).

i) 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.

j) 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 equity as advance towards share capital.

Capitalization of Borrowing Costs

Borrowing costs attributable to the construction of qualifying assets are capitalized as part of the cost of these assets over the period of construction to the extent that the assets are financed by borrowings.

k) 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.

l) Inventories

Inventories comprising engine and vehicle parts, combustibles, and other electrical equipment are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Provision is made for the full value of obsolete inventories and stocks which are surplus to requirements. Net realizable value is the estimated selling price in the ordinary course of business less applicable selling expenses. Obsolete items are materials or spares which have no further use due to obsolescence, technological changes or other factors.

m) Operating Leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss within other operating expenses on a straight-line basis over the period of the lease.

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) Current and deferred income tax

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

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

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:

(i) 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

(ii) 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:

(i) 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

(ii) 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

(iii)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.

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.

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 assets

(i) Classification

All financial assets of the Group are classified as loans and receivables, based on the purpose for which the financial assets were acquired.
Loans and receivables are subsequently carried at amortized cost using the effective interest method. Financial assets are derecognized when rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(ii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount 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.

r) Impairment
Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is an objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

(i) *Recognition and measurement*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise 'non-current receivables' 'trade and other receivables', restricted deposits/funds and 'cash and cash equivalents' in the statement of financial position.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, and or economic conditions that correlate with defaults.

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held to maturity financial assets) at both a specific asset and collective level. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable service amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smaller group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses in respect of CGU are allocated to their respective carrying amounts on a pro rata basis. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(ii) 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-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.

r) Financial liabilities

Recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The financial liabilities are recognised initially at fair value and in the case of loans and borrowings plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

(i) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

All non-derivative financial liabilities are recognized on the date of commitment (trade date) and are recognised when the obligation expires, is discharged or cancelled, or there is a substantial modification to the terms of the liability.

Financial liabilities at amortised cost

Financial liabilities that are not held-for-trading are classified as other financial liabilities. Debt securities issued, including foreign loans, that are not held-for-trading are classified into other financial liabilities. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form and integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of statement of cash flows.

s) Cash and cash equivalents

Cash and cash equivalents includes 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.

t) 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.

u) Deferred income

Grants

Government grants received relating to the creation of electrification assets 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.

Capital contributions received from customers

The contributions received in advance are credited to profit or loss within other operating income immediately when the customer is connected to the electricity network. (Refer to note 11).

v) Finance income

Finance income comprises income from short-term investments in financial market products. 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.

w) Other operating income

Other operating income comprises gains or losses on disposals of item property, plants and equipment, amounts from amortization of deferred government grants (relating to the electrification assets), customers contribution for service lines, government grants relating to expenses, revenue grant from various donors, rental income and other miscellaneous income.

x) 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 (refer to note 7(k) are recognised in profit or loss.

y) Employee Benefit Obligation

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.

All of the Group's employees were members of the National Social Security Fund ("NSSF") or Parastatals Pension Fund (PPF), Public Sector Pension Fund (PSPF), Local Authorities Pension Fund (LAPF) and Government Employees Pension Fund (GEPF) which are defined contribution plans. However, following Government decision to merge all pension funds into one defined pension fund, all staff have been effective March 2019 been enrolled to Public Service Social Security Fund(PSSSF) a newly merged pension fund. The Group and employees both contribute a total of 20% of the employees' gross salaries to the pension funds.

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 length of service and salary 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. The Group recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income (OCI) and all expenses related to defined benefit plans in employee benefit expense in profit and loss.

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 and losses on the settlement of a defined benefit plan when the settlement occurs.

The defined benefit liability comprises the present value of the defined benefit obligation.

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.

z) Share Capital

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

aa) Advances towards Share Capital

Cash Proceeds from the Government towards share capital, monies received from government in its capacity as shareholder and fair value gains or losses from government low interest loans are accounted as advances towards share capital until conversion.

bb) Customer deposits

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.

Meter deposits

Cash received from customers for meter deposits is recognized as a long term liability and is refunded to customers on termination of power supply contract.

8. FINANCIAL INSTRUMENTS RISK MANAGEMENT, OBJECTIVES AND POLICIES

a) Accounting classification and measurement of fair values

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.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net

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-recognised (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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment of financial assets

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.

Presentation of allowance for ECL in the statement of financial position

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

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy as described above:

	Carrying amount	Fair value	Level 1	Level 2	Level 3	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Available for sale investments	44,933	44,933	-	-	44,933	44,933
	44,933	**44,933**	-	-	**44,933**	**44,933**

During the year the fair value levels has been changed as the result of share valuation exercise.

a) Accounting classification and measurement of fair values

Financial instruments at amortized costs

The Group does not have a very accurate basis for calculating the fair value of the other financial instruments carried at amortized cost. However, its overall assessment is that their fair values would not be significantly different from the amortized cost at which they are stated because the majority are short term.

	2021		2020	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	TZS 'm	**TZS 'm**	**TZS 'm**	**TZS 'm**
Financial assets not measured at fair value				
Trade receivables and other receivables	697,015	697,015	268,604	268,604
Restricted deposits/funds	-	-	16,468	16,468
Cash and cash equivalents	452,088	452,088	140,134	140,134
	1,149,103	**1,149,103**	**425,206**	**425,206**
Financial liabilities not measured at fair value				
Borrowings	(1,521,253)	(1,521,253)	(1,363,776)	(1,363,776)
Trade payables and other payables*	(1,053,984)	(1,053,984)	(953,085)	(953,085)
	(2,575,237)	**(2,575,237)**	**(2,316,861)**	**(2,316,861)**

	2021		2020	
Separate	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	TZS 'm	**TZS 'm**	**TZS 'm**	**TZS 'm**
Financial assets not measured at fair value				
Trade receivables and other receivables	239,990	239,990	239,990	239,990
Restricted deposits/funds	16,468	16,468	16,468	16,468
Cash and cash equivalents	119,098	119,098	119,098	119,098
	375,556	**375,556**	**375,556**	**375,556**
Financial liabilities not measured at fair value				
Borrowings	(1,521,253)	(1,521,253)	(1,363,776)	(1,363,776)
Trade payables and other payables*	(1,082,512)	(1,082,512)	(944,406)	(944,406)
	(2,603,766)	**(2,603,766)**	**(2,308,182)**	**(2,308,182)**

**Accrued expenses are not included.*

b) Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

i) Credit risk
ii) Liquidity risk
iii) Market risk

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. Internal Audit 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 minimizes credit risk from its trade receivables by prompt disconnection of customers with overdue balances.

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:

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cash and cash equivalents	452,088	140,134	430,723	119,098
Restricted deposits/funds	-	16,468	-	16,468
Trade receivables	293,489	239,085	277,069	239,085
Other receivables*	419,406	24,868	388,993	24,868
	1,164,983	420,555	1,096,785	399,519

*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.

None of the trade and other receivables are past due except for the following amounts, which are due within 30 days of the end of the month in which they are invoiced:

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Past due but not impaired:				
- by up to 30 days	18,026	15,802	18,026	15,802
- by 31 to 60 days	12,960	11,934	12,960	11,934
- by 61 to 90 days	13,898	13,165	13,898	13,165
- Over 91 days	289,770	266,556	289,770	266,556
Total past due but not impaired	**334,655**	**307,456**	334,655	**307,456**
Allowance for ECLs/impairment	185,849	183,288	184,586	182,383
Gross debtors (Note 26)	**520,504**	**490,744**	**519,240**	**489,839**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated	Separate
	TZS 'm	TZS 'm
Balance at 1st July 2019	174,869	174,869
The impairment recognized during the year	4,429	4,429
Balance at 30 June 2020	**179,298**	**179,298**
Balance at 01 July 2020	179,298	179,298
The impairment recognized during the year	**6,551**	**5,288**
Balance at 30 June 2021	185,849	184,586

Cash and cash equivalents

The Group held cash and cash equivalents of TZS 451,796 million (Company: TZS 430,431 million) at 30 June 2021 (2020: TZS 139,978 million for Group and TZS 118,942 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.

i) 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.

Consolidated	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 2021						
Borrowings	1,521,253	1,521,253	314,097	347,658	63,545	1,152,173
Trade and other payables	2,365,819	2,365,819	2,365,819			
	3,887,072	**3,887,072**	**2,679,916**	**347,658**	**63,545**	**1,152,173**

Separate	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 2021						
Borrowings	1,521,253	1,521,253	314,097	347,658	63,545	1,152,173
Trade and other payables	2,367,346	2,367,346	2,367,346			
	3,888,600	**3,888,600**	**2,681,444**	**347,658**	**63,545**	**1,152,173**

Consolidated	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 2020						
Borrowings	1,363,776	1,363,776	779,692	19,968	43,331	900,165
Trade and other payables	1,883,416	1,883,416	1,883,416	-	-	-
	3,235,292	**3,235,292**	**2,651,208**	**19,968**	**43,331**	**900,165**

Separate	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 2020						
Borrowings	1,363,776	1,363,776	779,692	19,968	43,331	900,165
Trade and other payables	1,885,258	1,145,859	1,145,859	-	-	-
	3,249,035	**2,509,636**	**1,925,551**	**19,968**	**43,331**	**900,165**

ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will 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.

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)	2021		2020	
Consolidated	USD	EURO	USD	EURO
Trade and other receivables	19,643	-	19,643	-
Cash and cash equivalents	8,976	(649)	8,976	(649)
Borrowings	(204,551)	(68,064)	(204,551)	(68,064)
Trade and other payables	(198,093)	(2,344)	(198,093)	(2,344)
Net exposure	**(374,026)**	**(71,056)**	**(374,026)**	**(71,056)**
Separate				
Trade and other receivables	19,643	-	19,643	-
Cash and cash equivalents	8,976	(649)	8,976	(649)
Borrowings	(204,551)	(68,064)	(204,551)	(68,064)
Trade and other payables	(198,093)	(2,344)	(198,093)	(2,344)
Net exposure	**(374,026)**	**(71,056)**	**(374,026)**	**(71,056)**

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

	Average rate		Reporting rate	
	2021	2020	2021	2020
USD	2,299	2,297	2,310	2,308
Euro	2,733	2,589	2,747	2,602
GBP	2,742	2,832	3,196	2,847
Rand	160	133	161	134
SEK	269	247	271	248

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.

Consolidated	Strengthening		Weakening	
	Profit or loss	Equity*	Profit or loss	Equity*
30 June 2021				
USD-10% movement (Loss)/gain	(37,403)	(26,182)	37,403	26,182
Euro-10% movement (Loss)/gain	(7,106)	(4,974)	7,106	4,974
30 June 2020				
USD-10% movement (Loss)/gain	(37,403)	(26,182)	37,403	26,182
Euro-10% movement (Loss)/gain	(7,106)	(4,974)	7,106	4,974

Separate	Strengthening	Weakening		
	Profit or loss	Equity*	Profit or loss	Equity*
30 June 2021				
USD-10% movement (Loss)/gain	(37,403)	(26,182)	37,403	26,182
Euro-10% movement (Loss)/gain	(7,106)	(4,974)	7,106	4,974
30 June 2020				
USD-10% movement(Loss)/gain	(37,403)	(26,182)	37,403	26,182
Euro-10% movement (Loss)/gain	(7,106)	(4,974)	7,106	4,974

*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:

	Consolidated Carrying amount		Separate Carrying amount	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Fixed rate instruments				
Financial assets	-	-		-
Financial liabilities	(1,521,253)	(1,363,777)	(1,521,253)	(1,363,777)
	(1,521,253)	**(1,363,777)**	**(1,521,253)**	**(1,363,777)**
Variable rate instruments				
Financial assets		-		-
Financial liabilities	(494,216)	(431,409)	(494,216)	(431,409)
	(494,216)	**(431,409)**	**(494,216)**	**(431,409)**

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. The values of the loans are not subject to change due to the changes in relevant variables in the market.

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.

	Consolidated Profit or loss		Separate Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
2021				
Variable rate instruments	(4.94)	4.94	(4.94)	4.94
	(4.94)	**4.94**	**(4.94)**	**4.94**
2020				
Variable rate instruments	(2.13)	2.16	(2.13)	2.16
	(2.13)	**216**	**(2.13)**	**216**

iii) 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 2021 and 30 June 2020 were as follows:

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Total borrowings	1,521,253	1,363,776	1,521,253	1,363,776
Less: cash and cash equivalents	(452,088)	(140,134)	(430,723)	(119,098)
Net debt	**1,069,165**	**1,223,642**	**1,090,530**	**1,244,678**
Total equity	4,702,313	1,708,811	4,725,211	1,735,629
Gearing ratio	**0.28**	**0.72**	**0.29**	**0.72**

9. REVENUE

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Domestic low usage	36,652	33,910	36,652	33,910
General use	816,915	775,196	816,915	775,196
Low voltage supply	163,577	161,306	163,577	161,306
High voltage supply	507,765	489,583	507,765	489,583
Zanzibar Electricity Corporation	83,229	85,033	83,229	85,033
ZECO Pemba	7,843	7,563	7,843	7,563
Bulyanhulu Gold Mines	25,038	11,761	25,038	11,761
Revenue derived by ETDCO from REA	17,215			
	1,658,235	**1,564,353**	**1,641,019**	**1,564,353**

10. COST OF SALES

	Consolidated		Separate	
	30June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Generation and transmission expenses	614,961	558,361	614,961	558,361
Purchased electricity	260,585	257,626	260,585	257,626
Distribution expenses	288,285	266,632	288,285	266,632
Depreciation	416,694	412,105	416,694	412,105
Cost of Sales - Subsidiaries	6,770			
	1,587,294	1,494,724	1,580,5	1,494,724

11 OTHER OPERATING INCOME

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Government contribution	-	-	-	-
Customer contributions on works orders	67,615	65,493	67,615	65,493
Gas sales by Songas	27,191	27,795	27,191	27,795
Revenue Grant from various donors	2,674	5,485	2,674	5,485
Interest on overdue electricity bills	2,604	3,259	2,604	3,259
Reconnection fees	19	27	19	27
Rental income	1,163	1,155	1,163	1,155
Profit on disposal of property, plant and equipment	-	-	-	-
Related Party Income	-	-	-	1,850
Amortisation of deferred capital grants	115,480	113,957	115,241	113,686
Other miscellaneous income	360,484	7,022	360,298	7,003
	577,231	224,192	576,806	225,751

12 (a) IMPAIRMENT OF FINANCIAL ASSETS

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Expected Credit Losses				
Trade and other receivable	2,562	(4,869)	2,202	(5,446)
Bank deposits	136	6	136	6
	2,697	(4,863)	2,338	(5,440)

12 (b) OPERATING EXPENSES BY NATURE

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Staff costs (note 15)	89,387	92,989	86,825	90,801
Depreciation	23,239	19,507	22,558	19,048
Amortisation of intangibles	3,388	1,748	3,343	1,718
Depreciation charge on investment property	-	45	-	45
Write (off)/back of provision for obsolete inventories	21	-	21	-
Repairs and maintenance costs	2,507	2,138	2,051	1,778
Legal expenses	314,068	1,095	314,068	1,095
Consultancy expenses	1,357	709	1,357	709
Transport and travel expenses	16,863	16,071	16,057	15,497
Audit fees	868	1,108	868	1,108
Insurance	13,699	5,272	13,699	5,272
Bank charges and commission	1,097	736	1,072	719
Cable and telegram (bandwidth)	15,730	10,788	15,700	10,788
Contribution to Govt of Tanzania	1,724	-	1,724	-
Advertisement expenses	1,781	1,642	1,713	1,570
Security expenses	4,530	2,092	4,483	2,069
Consumable office and stores	352	253	176	125
Other administration expenses	16,505	21,065	15,481	20,066
Suppliers interest	11,179	14,038	11,179	14,038
Foreign exchange differences	(7,329)	(5,613)	(7,329)	(5,613)
Loss on revaluation of fixed assets	-	-	-	-
	510,965	**185,684**	**505,046**	**180,832**

Depreciation on property, plant and equipment charged to:

- *Cost of sales*	416,694	412,105	416,694	412,105
- Operating expenses	23,239	19,508	22,558	19,048
Total depreciation charge (Note 16)	**439,932**	**431,613**	**439,252**	**431,153**

13 FINANCE COST - NET

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
(a) Finance cost	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Foreign exchange loss on borrowings	13,955	344	13,955	344
Interest expense	39,194	27,976	39,194	44,516
Discount unwinding on borrowing	26,714	41,129	26,714	24,589
	79,864	**69,449**	**79,864**	**69,449**
Discount unwinding relates to the following borrowings;				
Government on lent loan (USD 100M)	-	6,443	-	6,443
Government of Tanzania (Deferred capacity charges)[Note 30(c)]	-	-	-	-
EDCF(KOREA)- TEDAP	1,476	1,396	1,476	1,396
ADF - Electricity V	1,820	2,946	1,820	2,946
OPTICAL CABLE (Long term) TA 3569	-	-	-	-
EIB- BTIP	3,180	7,681	3,180	7,681
IDA Credit 4798 TA-BTIP	4,442	8,172	4,442	8,172
EDCF(KOREA) BTIP	2,090	1,975	2,090	1,975
ADF - BTIP	2,570	3,727	2,570	3,727
ADF-KTPIP	3,441	3,179	3,441	3,179
JICA - BTIP	2,912	2,616	2,912	2,616
JICA-KTPIP	2,402	2,107	2,402	2,107
ADF-RUSUMO	215	138	215	138
AFD Geita Nyakanazi	352	82	352	82
KFW Geita Nyakanazi				
OFID Bulyahulu Geita	492	167	492	167
AFD Grid Rehab and Upgrade project	640	35	640	35
BADEA	406	192	406	192
IDA Credit -TAZA	277	273	277	273
	26,714	**41,129**	**26,714**	**41,129**
(b) finance income on bank deposits	**199**	**340**	**199**	**340**

14 INCOME TAX CHARGE

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Current tax charge	1,611	1,341		-
Deferred income tax (credit)/charge	(10,189)	(12,473)	(10,063)	(12,339)
Tax difference		(166)		
Alternative Minimum Tax (AMT)	9,532	9,943	9,530	9,943
	954	**(1,356)**	**(533)**	**(2,396)**

15 EMPLOYEE BENEFIT EXPENSE

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Staff costs charged to cost of sales and operating expenses accounts comprise:				
Salaries and wages	270,621	264,871	270,621	264,871
Social security costs (defined contribution scheme)	20,724	21,406	20,724	21,406
Long service awards (other employee benefits)	1,715	1,780	1,715	1,780
Skills and Development Levy	8,383	9,076	8,383	9,076
	301,443	**297,133**	**301,443**	**297,133**
Classified as:				
Cost of sales	214,619	206,332	214,619	206,332
Operating expenses	86,825	90,801	86,825	90,801
	301,443	**297,133**	**301,443**	**297,133**

16 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED

	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 2020	762,212	1,915,503	1,868,928	3,910,381	323,693	105,067	64,906	162,600	9,113,291
Additions (Transfer from CWIP)		77,000	124,166	559,084	8,709	15,251	2,147	21,194	807,551
Reclass from Inv Propert					906				906
Revaluation Adjustment	182,372	527,530	493,802	1,696,398	104,419	15,572	15,657	19,369	3,055,121
Held for repair				(695)					(695)
Scrap				(1,267)					(1,267)
Disposal								(17)	(17)
Write off revaluation	(242,854)	(360,913)	(284,673)	(1,073,870)	(22,098)	(92,630)	(9,221)	(106,003)	(2,192,262)
Written-off ARO									
Balance at 30 June 2021	**701,731**	**2,159,120**	**2,202,223**	**5,090,031**	**415,629**	**43,260**	**73,489**	**97,143**	**10,782,626**
Accumulated depreciation and impairment losses									
Balance at 1 July 2020	210,913	269,680	221,134	846,110	16,738	87,268	7,060	95,050	1,753,954
Depreciation for the period	31,941	91,233	63,539	227,820	4,610	6,244	2,161	12,384	439,932
Reclass from Inv Property					815				815
Disposal								(7)	(7)
Held for repair				(10)					(10)
Scrap				(49)					(49)
Impairment					-				
Write off revaluation	(242,854)	(360,913)	(284,673)	(1,073,870)	(22,098)	(92,630)	(9,221)	(106,003)	(2,192,262)
Balance at 30 June 2021	**-**	**-**	**-**	**-**	**66**	**883**	**-**	**1,425**	**2,374**
Carrying Amounts									
At 30 June 2020	**551,299**	**1,645,822**	**1,647,794**	**3,064,271**	**306,955**	**17,799**	**57,846**	**67,549**	**7,359,336**
At 30 June 2021	**701,731**	**2,159,120**	**2,202,223**	**5,090,031**	**415,563**	**42,377**	**73,489**	**95,718**	**10,780,252**

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

SEPARATE	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 2020	762,212	1,915,503	1,868,928	3,910,381	320,913	103,789	64,906	160,063	9,106,695
Additions (Transfer from CWIP)	-	77,000	124,166	559,084	8,577	14,527	2,147	20,455	805,957
Revaluation adjustment	182,372	527,530	493,802	1,696,398	103,534	14,813	15,657	18,532	3,052,640
Reclassification from Investment property	-	-	-	-	906	-	-	-	906
Held for repair				(695)					(695)
Scrap				(1,267)					(1,267)
Write off on revaluation	(242,854)	(360,913)	(284,673)	(1,073,870)	(22,098)	(92,630)	(9,221)	(106,003)	(2,192,262)
Balance 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**
Accumulated depreciation and impairment losses									
Balance at 1 July 2020	210,913	269,680	221,134	846,110	16,697	86,654	7,060	94,006	1,752,254
Depreciation for the period	31,941	91,233	63,539	227,820	4,585	5,976	2,161	11,997	439,252
Reclass from investment property					815		-		815
Held for repair	-	-	-	(10)	-	-		-	(10)
Scrap				(49)					(49)
Write off on revaluation	(242,854)	(360,913)	(284,673)	(1,073,870)	(22,098)	(92,630)	(9,221)	(106,003)	(2,192,262)
Balance at 30 June 2021	-	-	-	-	-	-	-	-	-
Carrying Amounts									
At 30 June 2020	**551,299**	**1,645,823**	**1,647,794**	**3,064,271**	**304,216**	**17,135**	**57,847**	**66,057**	**7,354,441**
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**

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment were revalued as at 30 June, 2021 by a professional valuer, 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

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At start of year	2,609,676	2,870,861	2,596,705	2,862,564
Capitalised borrowing costs	1,462	1,840	1,462	1,840
*Transfer from stores	202,580	159,130	202,580	159,130
Expenditure during the year	2,569,718	363,180	2,579,748	375,358
	5,383,436	**3,395,011**	**5,380,494**	**3,398,892**
Transfer to subsidiary				
Transfer to stores	-	-		-
Transferred to property, plant and equipment	(805,957)	(802,186)	(805,957)	(802,186)
At end of year	**4,577,479**	**2,592,825**	**4,517,239**	**2,596,705**

* The group classifies specific inventory items from inventory to capital work in Progress. These items includes 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 202 billion (30 June 2020:TZS 159 billion) from inventory to Capital Work in progress.

18 INTANGIBLE ASSETS

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of year	8,677	426	8,605	408
Addition during the year	(4,713)	9,999	-	9,915
Amortization charge	(3,388)	(1,748)	(3,343)	(1,718)
Revaluation adjustment	4,440		4,440	
At the end of the year	**9,728**	**8,677**	**9,703**	**8,605**

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 boarder trade, Electricity supply, Electricity transmission and cross boarder trade, each licence will for term of twenty years commencing from 1st March 2013 TANESCO paid Licence fees amounting to USD 240,000(TZS 552 million), and Software available for the period under reviews.During the period the company revalued all intangible asset by using professional valuer.

19 INVESTMENT PROPERTY

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cost				
Balance at beginning of the year	906	906	906	906
Additions	(906)		(906)	
At the end of the year	-	**906**	-	**906**
Accumulated depreciation				
Balance at start of year	(815)	(770)	(815)	(770)
Depreciation charge for the year	815	(45)	815	(45)
At the end of the year	-	**(815)**	-	**(815)**
Net Book value at the end of year	-	**91**	-	**91**

The Group investment property comprises the property leased to the Consortium of medical doctors - Tumaini Hospital at Magore Street. During the year ended 30 June 2021, 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

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Investment in Tanzania Geothermal Development Company Limited	-	-	25,372	20,920
Investment in ETDCO	-	-	16,677	14,069
Investment in TCPM	-	-	3,509	2,010
Balance at 30 June	-	-	**45,558**	**36,999**

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. TCPMC is also fully owned subsidiary by TANESCO established on 16th December, 2014 to carry the business of concrete poles manufacturing

21 INVESTMENT IN ASSOCIATES

	Consolidated 2021 TZS 'm	Consolidated 2020 TZS 'm	Separate 2021 TZS 'm	Separate 2020 TZS 'm
Investment in Shangtan Power Generation Company Limited	-	-	-	-
Additions during the year	-	-	-	-
Share of Comprehensive loss for the year				
Balance at 30 June	-	-	-	-

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 didi not manage to obtain its financial statements of its associate from which its attributable loss expected to be included in the consolidated financial statement.

The following table analyses the financial information about the associate.

	Consolidated 2021 TZS 'm	Consolidated 2020 TZS 'm	Separate 2021 TZS 'm	Separate 2020 TZS 'm
Current assets				
Non-current assets	-	-	-	-
Current liabilities	-	-	-	-
Non-current liabilities	-	-	-	-
Net assets (100%)	-	-	-	-
Group share of net assets (40%)				
Foreign exchange difference on initial recognition				
Carrying amount of interest in associate	-	-	-	-
Revenue				
Profit from continuing operations				
Other comprehensive income				
Total comprehensive income				

21 INVESTMENT IN ASSOCIATE (Continued)

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

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Carrying amount of interest in associates	208	208	3,184	3,184
Share:				
Additional Capital injected during the year	494	-	494	-
Comprehensive loss for the year	-	-	-	
Balance at 30 June	**702**	**208**	**3,678**	**3,184**

22 OTHER INVESTMENTS

		Consolidated		Separate	
		2021	2020	2021	2020
		TZS 'm	TZS 'm	TZS 'm	TZS 'm
East African Cables Limited	(a)	1,216	1,216	1,216	1,216
Songas Limited	(b)	34,322	34,322	34,322	34,322
		35,538	35,538	35,538	35,538
Add: Fair Value changes					
East African Cable Ltd		(875)		(875)	
Songas		10,270		10,270	
		44,933	**35,538**	**44,933**	**35,538**

As at 30 June 2021, 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, ibre optic cables and accessories. The fair value of the investment is amounting to a loss of TZS 875 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 Companys' value to that of its competitors or industry peers to assess the firms 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 gain of USD 19 million (TZS 10,270 million) as the result of share valuation performed during the period.

   Equity share of Songas Limited has been valued using Discounted cashflow approach. The discounted cash flow method designed to establish the present value of a series of future cash flows using audited financial statement as from 2016 to 2020 from Songas.

   The management believes the recorded fair value represents the current value of investment as at 30 June 2021.

23 CAPACITY CHARGES PREPAYMENT

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of the year	18,265	22,751	18,265	22,751
Amortisation charge	(4,486)	(4,486)	(4,486)	(4,486)
At the end of year	13,779	18,265	13,779	18,265

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 22,895 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 6,896m) to Songas Limited for future reduction in capacity charges. Under the same arrangements, World Bank paid USD 42m (TZS 96,159 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 2021	At start of period	At end of period
Consolidated	TZS 'm	TZS 'm
Deferred income tax liabilities		
Accelerated capital deductions	519,381	1,602,437
Revaluations	349,974	1,268,582
Fair Valuation of loans	231,485	231,055
Fair valuation through OCI	10,359	10,056
Other - subsidiaries	116	183
	1,111,315	1,112,943
Deferred income tax assets		
Tax loss carried forward	(1,100,945)	(1,112,813)
Revaluations	(103,968)	(104,169)
Provisions	(84,319)	(128,159)
Other - Subsidiaries	(124)	(379)
	(1,289,356)	(1,345,520)
Net deferred tax asset/(liability)	(178,041)	1,767,423
Net deferred tax asset not recognized	(1,289,356)	(1,345,520)
Net deferred tax liability recognized	1,111,315	3,112,943
Net deferred tax asset/(liability) reconciled	(178,041)	1,767,423

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

	At start of period TZS 'm	At end of period TZS 'm
Year ended 30 June 2021		
Separate		
Deferred income tax liabilities		
Accelerated capital deductions	519,568	1,602,437
Revaluations	349,974	1,268,582
Fair valuation of loans	231,485	231,685
Fair value charges through OCI	10,359	10,056
	1,111,386	3,112,760
Deferred income tax assets		
Tax loss carried forward	(1,100,945)	(1,112,813)
Revaluations	(103,968)	(104,169)
Provisions	(84,319)	(128,159)
	(1,289,232)	(1,345,141)
Total deferred tax assets/(liabilities)	**(177,846)**	**1,767,619**
Net deferred tax asset not recognized	(1,289,232)	(1,345,141)
Net deferred tax liability recognized	(1,111,386)	3,112,760
Deferred tax assets/(liabilities) reconciled	**(177,846)**	**1,767,619**

	TZS 'm	TZS 'm
Year ended 30 June 2020		
Consolidated		
Deferred income tax liabilities		
Accelerated capital deductions	478,549	519,381
Revaluations	985,708	349,974
Fair Valuation of loans	231,685	231,485
Fair valuation through OCI	10,359	10,359
Other - subsidiaries	163	116
	1,706,464	**1,111,315**
Deferred income tax assets		
Tax loss carried forward	(1,059,939)	(1,100,945)
Revaluations	(103,968)	(103,968)
Provisions	(81,934)	(84,319)
Other - Subsidiaries	(98)	(124)
	(1,245,939)	**(1,289,356)**
Net deferred tax asset/(liability)	**460,524**	**(178,041)**
Net deferred tax asset not recognized	(663,324)	(1,289,356)
Net deferred tax liability recognized	1,123,848	1,111,315
Net deferred tax asset/(liability) reconciled	**460,524**	**(178,041)**

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

	At start of period TZS 'm	At end of period TZS 'm
Year ended 30 June 2020		
Separate		
Deferred income tax liabilities		
Accelerated capital deductions	478,530	519,568
Revaluations	985,708	349,974
Fair valuation of loans	231,685	231,485
Fair value charges through OCI	10,359	10,359
	1,706,282	1,111,386
Deferred income tax assets		
Tax loss carried forward	(1,057,642)	(1,100,945)
Revaluations	(103,968)	(103,968)
Provisions	(81,930)	(84,319)
	(1,243,540)	(1,289,232)
Total deferred tax assets/(liabilities)	**462,741**	**(177,846)**
Net deferred tax asset not recognized	(661,042)	(1,289,232)
Net deferred tax liability recognized	1,123,783	1,111,386
Deferred tax assets/(liabilities) reconciled	462,741	(177,846)

There is a potential deferred tax asset of TZS 1,245,939 million (30 June 2020: TZS 1,289,356 million) mainly arising on account of tax losses and provisions. In the opinion of directors, it is prudent not to recognize the asset due to the fact that the directors are uncertain whether sufficient taxable profits will be generated in the foreseeable future against which the asset can be utilized.

25 INVENTORIES

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
General stores and meter stocks	5,482	4,413	5,482	4,413
Engine and vehicle parts	810	1,135	810	1,135
Combustibles	5,413	5,751	5,413	5,751
Others	220	206	220	206
	11,926	**11,505**	**11,926**	**11,505**
Provision for obsolete items	(2,495)	(2,473)	(2,495)	(2,473)
Net inventory balance	**9,431**	**9,032**	**9,431**	**9,032**

The Group reclassifies specific inventory items from inventory to capital work in progress. These items includes 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 202 billion (2019: TZS 159 billion).

26 TRADE AND OTHER RECEIVABLES

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS m'	TZS m'	TZS m'	TZS m'
General trade receivables	213,491	184,312	195,808	184,312
Government trade receivables	265,847	238,061	265,847	238,061
	479,338	**422,373**	**461,655**	**422,373**
Allowance for ECLs/impairments*	(185,849)	(183,288)	(184,586)	(182,383)
Net trade debtors	**293,489**	**239,085**	**277,069**	**239,990**
Other debtors:				
Loan material to contractors	6,886	5,147	6,886	5,147
Receivable from Independent Power Tanzania Limited	2,978	2,978	2,978	2,978
Deposits	11,535	11,535	11,535	11,535
Staff debtors	1,179	2,402	1,002	2,123
Intercompany receivable	-	-	3,454	1,850

26 TRADE AND OTHER RECEIVABLES (Continued)

	Consolidated 2021	Consolidated 2020	Separate 2021	Separate 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Value Added Tax recoverable	(6,019)	(6,884)	(6,147)	(7,007)
Sundry debtors	420,399	47,271	420,399	47,271
	436,959	**62,449**	**440,107**	**63,897**
Provision for other receivables (impairment)	(33,433)	(32,930)	(33,433)	(32,930)
Net other debtors	**403,526**	**29,519**	**406,675**	**30,967**
Net total debtors	**697,015**	**268,604**	**683,744**	**270,956**

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

Movement in ECLs/impairment	Consolidated 2021	Consolidated 2020	Separate 2021	Separate 2020
At the start: 1st July	188,734	222,076	187,829	221,749
Impact of initial application of IFRS 9		(33,919)		(33,919)
At the start : 1st July Restated	**188,734**	**188,157**	**187,929**	**187,829**
Increase/(decrease) in ECLs	2,562	(4,869)	2,002	(5,446)
At the end: 30 June	**191,295**	**183,288**	**190,032**	**182,383**
The allowance for ECLs/impairment is made up as follows:				
On Trade receivables	191,295	183,288	190,032	182,383
On other receivables		-		-
	191,295	**183,288**	**190,032**	**182,383**

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.

We have also used government debts as a macroeconomic variable (MEV) to adjust historical loss rate.

27 BANK AND CASH BALANCES

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

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cash	169	166	169	164
Bank balances	451,919	139,968	430,554	118,934
Gross cash and bank balances	**452,088**	**140,134**	**430,723**	**119,098**
Expected credit losses:	430,723	135,566	430,723	135,566
At 1st July	(156)	(150)	(156)	(150)
Impact of initial application of IFRS 9	-	-	-	-
At 1st July-	**(156)**	**(150)**	**(156)**	**(150)**
Decrease/(increase)	(136)	(6)	(136)	(6)
At 30 June	**(292)**	**(156)**	**(292)**	**(156)**
Net Carrying amount	**451,796**	**139,978**	**430,431**	**118,942**

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.

b. Restricted cash

The main component of restricted cash is the amount withheld by the lending commercial banks as collateral in the TZS 408 Billion loan facility

408 Billion Collateral (Refer to Note 30 (m) & (n)).	-	6,623	-	6,623
Other cash covers	-	9,845	-	9,845
	-	**16,468**	-	**16,468**

27 BANK AND CASH BALANCES (Continued)

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Presented as:				
Current	-	9,845	-	9,845
Non-current	-	6,623	-	6,623
	-	**16,468**	-	**16,468**

The Group also reclassifies cash held with commercial banks as collateral for long-term borrowings from bank and cash balances to restricted deposits/funds within the statement of financial position. During the year, the reclassification amounted to TZS 0 million (30 June 2020: TZS 16,468 million) from bank and cash balances to restricted deposits/funds. Cash collaterals and cash covers are not liquid asset.

28 (a) SHARE CAPITAL

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Authorised:				
120,000,000,000 ordinary shares of TZS 20 each	2,400,000	2,400,000	2,400,000	2,400,000
Issued and fully paid:				
49,335,830,882 ordinary shares of TZS 20 each	1,131,368	1,131,368	1,131,368	1,131,368

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

(b) ADVANCES TOWARDS SHARE CAPITAL

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At start of the year	425,027	807,745	425,027	807,745
Received during the year	1,545	(382,718)	1,545	(382,718)
At the end of year	**426,572**	**425,027**	**426,572**	**425,027**

Amount received during the year /period is made up of;

28 SHARE CAPITAL(Continued)

(b) ADVANCES TOWARDS SHARE CAPITAL (Continued)

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Cash receipts	1,545	27,899	1,545	27,899
Transfer from Grants/Borrowing-SIDA	-	47,522	-	47,522
Release to Share Capital	-	(144,652)	-	(144,652)
Fair valuation of low interest loans on initial recognition, net of tax	-	(313,487)	-	(313,487)
	1,545	**(382,718)**	**1,545**	**(382,718)**

The advances toward share capital as at 30 June 2021 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.

(ii) Revaluation reserve

The revaluation reserves relates to the revaluation of property, plant and equipment.

29 GRANTS

2021
CONSOLIDATED

Donor	Project	1 July 2020	Addition	Advance toward Share Capital (Reclass	Amortisation	30 June 2021
		TZS 'm	TZS 'm		TZS 'm	TZS 'm
SIDA	Refer (i)	2,349	-	-	(129)	2,220
Oret (Government of Netherlands)	Refer (ii)	22,524	-	-	(2,081)	20,442
TEDAP	Refer (iii)	191,673	-	-	(5,618)	186,055
SongoSongo	Refer (iv)	13,088	-	-	(571)	12,517
Japanese	Refer (v)	24,675	-	-	(810)	23,864
Treasury-Emergency Power	Refer (vi)	202,222	-	-	(11,925)	190,297
Treasury	Refer (vii)	2,720,669	258,979	-	(61,839)	2,917,809
World Bank	Refer (viii)	15,065	-	-	(3,689)	11,375
Orio	Refer (ix)	23,512	-	-	(1,169)	22,343
JICA Rehab KL	Refer (x)	30,328	-	-	(719)	29,610
MCC T&D	Refer (xi)	146,589	-	-	(3,996)	142,594
DCC	Refer (xii)	42,318	-	-	(1,445)	40,873
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	377,569	-	-	- (21,250.12)	356,319
Rufiji Hydro Power Project	Refer (xv)	1,373,996	1,451,266	- -		2,825,262
KFW Geita Nyakanazi	Refer (xvi)	11,902	16,722	- -		28,625
Hale Rehabilitation(SIDA)	Refer (xvii)	8,440	-	-	-	8,440
SGR Transmission line	Refer (xviii)		53,399			53,399
TGDC & ETDCO	Refer (xix)	21,554			(239)	21,315
		5,228,475	1,780,366	-	(115,481)	6,893,360

29 GRANTS (Continued)

2021
SEPARATE

Donor	Project	1st July 2020	Addition	Advance toward Share Capital (Reclass	Amortisation	30th June 2021
		TZS 'm	TZS 'm		TZS 'm	TZS 'm
SIDA	Refer (i)	2,349	-	-	(129)	2,220
Oret (Government of Netherlands)	Refer (ii)	22,524	-	-	(2,081)	20,442
TEDAP	Refer (iii)	191,673	-	-	(5,618)	186,055
SongoSongo	Refer (iv)	13,088	-	-	(571)	12,517
Japanese	Refer (v)	24,675	-	-	(810)	23,864
Treasury-Emergency Power	Refer (vi)	202,222	-	-	(11,925)	190,297
Treasury	Refer (vii)	2,720,669	258,979	-	(61,839)	2,917,809
World Bank	Refer (viii)	15,065	-	-	(3,689)	11,375
Orio	Refer (ix)	23,512	-	-	(1,169)	22,343
JICA Rehab KL	Refer (x)	30,328	-	-	(719)	29,610
MCC T&D	Refer (xi)	146,589	-	-	(3,996)	142,594
DCC	Refer (xii)	42,318	-	-	(1,445)	40,873
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	377,569	-	-	(21,250.12)	356,319
Rufiji Hydro Power Project	Refer (xv)	1,373,996	1,451,266	-	-	2,825,262
KFW Geita Nyakanazi	Refer (xvi)	11,902	16,722	-	-	28,625
Hale Rehabilitation(SIDA)	Refer (xvii)	8,441	-	-	-	8,441
SGR Transmission Line	Refer (xviii)	-	53,399			53,399
		5,206,921	1,780,366	-	(115,241)	6,872,045

2020
CONSOLIDATED

Donor	Project	1st July 2019	Addition	Advance toward Share Capital (Reclass	Amortisation	30th June 2020
		TZS 'm	TZS 'm		TZS 'm	TZS 'm
SIDA	Refer (i)	26,696		(24,218)	(129)	2,349
Oret (Government of Netherlands)	Refer (ii)	24,605			(2,081)	22,524
TEDAP	Refer (iii)	191,599	4,136		(4,062)	191,673
SongoSongo	Refer (iv)	13,659			(571)	13,088
Japanese	Refer (v)	25,485			(810)	24,675
Treasury-Emergency Power	Refer (vi)	214,147			(11,925)	202,222
Treasury	Refer (vii)	2,391,867	390,640		(61,839)	2,720,669
World Bank	Refer (viii)	18,754			(3,689)	15,065
Orio	Refer (ix)	24,682			(1,169)	23,512
JICA Rehab KL	Refer (x)	31,047			(719)	30,328
MCC T&D	Refer (xi)	150,585			(3,996)	146,589
DCC	Refer (xii)	43,763			(1,445)	42,318
MEM,ICEIDA,UNEP and AfDB	Refer (xiii)	21,608	73		(201)	21,480
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	398,819			(21,250)	377,569
Rufiji Hydro Power Project	Refer (xv)	988,573	385,423			1,373,996
KFW Geita Nyakanazi	Refer (xvi)	1,152	10,751			11,902
TANESCO	Refer (xvii)	144			(70)	74
Hale Rehabilitation(SIDA)	Refer (xvii)	-	8,440	-	8,440	
		4,567,188	**791,021**	**(24,218)**	**(105,516)**	**5,228,475**

29 GRANTS (Continued)

2020
SEPARATE

Donor	Project	1st July 2019	Addition	Advance toward Share Capital (Reclass	Amortisation	30th June 2020
		TZS 'm	TZS 'm		TZS 'm	TZS 'm
SIDA	Refer (i)	26,696	-	(24,218)	(129)	2,349
Oret (Government of Netherlands)	Refer (ii)	24,605	-	-	(2,081)	22,524
TEDAP	Refer (iii)	191,599	4,136	-	(4,062)	191,673
SongoSongo	Refer (iv)	13,659	-	-	(571)	13,088
Japanese	Refer (v)	25,485	-	-	(810)	24,675
Treasury-Emergency Power	Refer (vi)	214,148	-	-	(11,925)	202,222
Treasury	Refer (vii)	2,391,868	390,640	-	(61,839)	2,720,669
World Bank	Refer (viii)	18,754	-	-	(3,689)	15,065
Orio	Refer (ix)	24,682	-	-	(1,169)	23,512
JICA Rehab KL	Refer (x)	31,047	-	-	(719)	30,328
MCC T&D	Refer (xi)	150,585	-	-	(3,996)	146,589
DCC	Refer (xii)	43,763	-	-	(1,445)	42,318
Kinyerezi II 240MW Gas Power Plant	Refer (xiv)	398,819	-	-	(21,250)	377,569
Rufiji Hydro Power Project	Refer (xv)	988,573	385,423	-	-	1,373,996
KFW Geita Nyakanazi	Refer (xvi)	1,152	10,751	-	-	11,902
Hale Rehabilitation(SIDA)	Refer (xvii)	-	8,440			8,440
		4,545,436	799,389	(24,218)	(113,686)	5,206,921

29 GRANTS (Continued)

(i) SIDA

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Electrification of Urambo	618	654	618	654
Electrification of Serengeti	1,731	1,825	1,731	1,825
132 kV TL Makambako and Songea electrification		24,218		24,218
Advance toward Share Capital		(24,218)		(24,218)
Amortisation charge	(129)	(129)	(129)	(129)
At the end of the year	**2,220**	**2,349**	**2,220**	**26,568**

(ii) ORET (Government of Netherlands)

Optical fibre cable communication system	6,221	7,178	6,221	7,178
45MW Tegeta Plant	16,303	17,427	16,303	17,427
Amortisation charges	(2,081)	(2,081)	(2,081)	(2,081)
At the end of the year	**20,442**	**22,524**	**20,442**	**22,524**

(iii) TEDAP (Projects 4370 TA)

Transmission and Distribution systems - opening	191,673	191,599	191,673	191,599
Reclassified during the year	-	4,136	-	4,136
Amortisation charges	(5,618)	(4,062)	(5,618)	(4,062)
At the end of the year	**186,055**	**191,673**	**186,055**	**191,673**

(iv) Songo Songo (Projects 3569 TA)

Wayleave Village Electrification Scheme(WVES)	13,088	13,659	13,088	13,659
Amortisation charges	(571)	(571)	(571)	(571)
At the end of the year	**12,517**	**13,088**	**12,517**	**13,088**

(v) Japanese Grant

Transmission and Distribution Systems	24,675	25,485	24,675	25,485
Amortisation charges	(810)	(810)	(810)	(810)
At the end of the year	**23,864**	**24,675**	**23,864**	**24,675**

(vi) Treasury - Emergency Power

Ubungo II Gas Plant (100MW)	106,716	113,183	106,716	113,183
Mwanza Plant (60MW)	95,507	100,964	95,507	100,964
Amortization charges	(11,925)	(11,925)	(11,925)	(11,925)
At the end of the year	**190,297**	**202,222**	**190,297**	**202,222**

29 GRANTS (Continued)

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS'm	TZS'm	TZS'm	TZS'm
(vii) Treasury				
1. Treasury -Wartisila &Thermo enerators				
EPP- Wartisila	50,311	54,038	50,311	54,038
Mbinga Gen Sets	2,541	2,762	2,541	2,762
Ludewa Gen Sets	2,031	2,207	2,031	2,207
Kigoma Gen Sets	9,043	9,712	9,043	9,712
Kasulu Gen Sets	5,531	5,912	5,531	5,912
Kibondo Gen Sets	5,643	6,032	5,643	6,032
Sumbawanga Gen Sets	8,612	9,205	8,612	9,205
Loliondo Gen Sets	9,717	10,387	9,717	10,387
At the end of the year	**93,428**	**100,257**	**93,428**	**100,257**
2. Treasury- Rural electrification projects				
Rural electrification	4,586	4,834	4,586	4,834
Electrification Makambako	111	114	111	114
Electrification Makambako2	46,036	35,583	46,036	35,583
Electrification Mbinga	479	496	479	496
Electrification of Msoga	148	152	148	152
Electrification of Magindu	189	194	189	194
Electrification of Mgwashi	621	639	621	639
Electrification of Malya/Sumve	531	548	531	548
Electrification of Mbewe	196	201	196	201
Electrification of Bukombe and Kagera village	136	140	136	140
Electrification of Kilolo	1,402	1,446	1,402	1,446
Electrification of Simanjiro	176	182	176	182
Electrification of Mchinga	675	699	675	699
Electrification of Tarime	77	80	77	80
Electrification of Ludewa	280	290	280	290
Electrification of Ihanja	575	593	575	593
Electrification of Bukene	81	84	81	84
Electrification of Mvumi	102	105	102	105
Electrification of Berege	52	54	52	54
Sub total	**56,453**	**46,433**	**56,453**	**46,433**

29 GRANTS (Continued)

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Subtotal continued	**56,453**	**46,433**	**56,453**	**46,433**
Electrification of Mkinga	63	66	63	66
Electrification of Uyui	1,089	1,127	1,089	1,127
Electrification of Bahi	1,237	1,280	1,237	1,280
Electrification of Matema beach	501	518	501	518
Power supply to Chief Osward Mang'ombe	138	143	138	143
Electrification of Ngage B	275	284	275	284
Power supply to Mto wa mbu	244	252	244	252
Electrification of Tabora-Kaliua	24	24	24	24
Electrification of Bunda	339	350	339	350
Electricity V Project	85	88	85	88
Konga,Mererani and Pangani water pumps	124	128	124	128
Electrification of Tungamalenga and electricity villages	106	110	106	110
Kigoma Generators	972	1,039	972	1,039
Electrification of Kilindi	1,266	1,309	1,266	1,309
Wayleave Villages electrification	561	580	561	580
Rural Electrification projects	17,686	18,164	17,686	18,164
GVT Kinyerezi Financing 185 MW	174,323	174,323	174,323	174,323
GVT Kinyerezi Financing 185 MW	244,540	257,411	244,540	257,411
GVT Kinyerezi Financing 240 MW	346,016	358,487	346,016	358,487
REA Funded Projects	14,984	15,389	14,984	15,389
REA funded Projects Phase I	110,336	114,053	110,336	114,053
REA funded Projects Phase II	723,125	743,786	723,125	743,786
REA II Mtwara/Lindi	24,777	25,447	24,777	25,447
REA Phase II Additional Works	32,829	28,833	32,829	28,833
REA Densification	63,125	64,435	63,125	64,435
REA VEI-BTIP	50,312	47,944	50,312	47,944
GVT Financing North west Grid	2,400	2,400	2,400	2,400
GVT Financing Iringa Shinyanga -	220	220	220	220
REA Electrification Sagamaganga Vilages	151	155	151	155
Mpanda Generating Sets II	428	447	428	447
Electrification Majengo Village &	223	229	223	229
Electrification Njiro Arusha	21	22	21	22
Electrification Biharamulo/Ngara/Mpanda	9,713	9,975	9,713	9,975
GVT Financing Orio contribution	10,638	10,925	10,638	10,925
GVT Financing TEDAP contribution	2,013	2,067	2,013	2,067
REA Funding additional rural Electrif	9,896	10,163	9,896	10,163
REA III round one	756,107	591,726	756,107	591,726

29 GRANTS (Continued)

	Consolidated 2021 TZS 'm	Consolidated 2020 TZS 'm	Separate 2021 TZS 'm	Separate 2020 TZS 'm
REA Peri- Urban	66,808	24,662	66,808	24,662
REA Ifakara Substation	978	350	978	350
REA Supply of Power to military towers	2,631		2,631	
REA Densification 2A	28,596		28,596	
Sub total	2,756,352	2,555,344	2,756,352	2,555,344
Treasury- Transmission Line				
Construction of T/L from Mahumbika -	2,021	2,063	2,021	2,063
Kenya- Tanzania Power Interconnector	54,794	54,794	54,794	54,794
Rusumo- Nyakazi 400 kV T/L	5,200	5,200	5,200	5,200
Bulyahulu - Geita 200 KV T/L	2,290	2,290	2,290	2,290
Nyakanazi- Kigoma 400 KV T/L	3,391	721	3,391	721
Sub Total	**67,696**	**65,067**	**67,696**	**65,067**
Grand total	**2,917,476**	**2,720,669**	**2,917,476**	**2,720,669**

(viii) WORLD BANK - Songas Capacity Charges buydown

	Consolidated 2021	Consolidated 2020	Separate 2021	Separate 2020
Capacity Charges buydown	15,065	18,754	15,065	18,754
Amortisation charges	(3,689)	(3,689)	(3,689)	(3,689)
At the end of year	**11,375**	**15,065**	**11,375**	**15,065**

(ix) ORIO

	Consolidated 2021	Consolidated 2020	Separate 2021	Separate 2020
At the start of the year	23,512	24,682	23,512	24,682
Additions		-	-	-
Amortisations charges	(1,169)	(1,169)	(1,169)	(1,169)
At the end of the year	**22,343**	**23,512**	**22,343**	**23,512**

(x) JICA Rehabilitation

	Consolidated 2021	Consolidated 2020	Separate 2021	Separate 2020
Received	30,328	31,047	30,328	31,047
Amortisation charges	(719)	(719)	(719)	(719)
At the end of the year	**29,610**	**30,328**	**29,610**	**30,328**

(xi) MCC T &D

	Consolidated 2021	Consolidated 2020	Separate 2021	Separate 2020
Deferred capacity charges	146,589	150,585	146,589	150,585
Amortisation charges	(3,996)	(3,996)	(3,996)	(3,996)
At the end of the year	**142,594**	**146,589**	**142,594**	**146,589**

29. GRANTS (Continued)

(xii) DCC

At the start of the year	42,318	43,763	42,318	43,763
Additions				
Amortisation charges	(1,445)	(1,445)	(1,445)	(1,445)
At the end of the year	**40,873**	**42,318**	**40,873**	**42,318**

(xiv) Kinyerezi II 240MW Gas Power Plant

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of the year	377,569	398,819	377,569	398,819
Additions				
Amortisation charges	(21,250)	(21,250)	(21,250)	(21,250)
At the end of the year	**356,319**	**377,569**	**356,319**	**377,569**

(xv) Rufiji hydro power project

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of the year	1,373,996	988,573	1,373,996	988,573
Additions	1,451,266	385,423	1,451,266	385,423
Amortisation charges		-		-
At the end of the year	**2,825,262**	**1,373,996**	**2,825,262**	**1,373,996**

(xvi) KFW Geita Nyakanazi

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of the year	11,902	1,152	11,902	1,152
Additions	16,722	10,751	16,722	10,751
Amortisation charges	-	-	-	-
At the end of the year	**28,625**	**11,902**	**28,625**	**11,902**

(xvii) Hale Rehabilitation (SIDA)

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm		TZS 'm
At the start of the year	8,441	-	8,441	-
Additions	-	8,441	-	8,441
Amortisation charges	-	-	-	-
At the end of the year	**8,441**	**8,441**	**8,441**	**8,441**

(xviii) SGR Transmission line

	Consolidated 2021 TZS 'm	2020 TZS 'm	Separate 2021	2020 TZS 'm
At the start of the year		-		-
Additions	53,399		53,399	
Amortisation charges	-	-		-
At the end of the year	**53,399**		**53,399**	**8,441**

(xix) TGDC & ETDCO

	Consolidated 2021 TZS 'm	2020 TZS 'm	Separate 2021	2020 TZS 'm
At the start of the year	21,554	21,752		-
Additions		73	-	
Amortisation charges	(239)	(271)-		-
At the end of the year	**21,315**	**21,554**	**-**	**8,441**

30 BORROWINGS

	Consolidated 2021 TZS 'm	2020 TZS 'm	Separate 2021 TZS 'm	2020 TZS 'm
Loans (i)	1,521,254	1,363,776	1,521,254	1,363,776
Less: Current portion	(314,097)	(779,692)	(314,097)	(779,692)
Non-current portion	**1,207,157**	**584,084**	**1,207,157**	**584,084**

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 2020	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 2021
		TZS 'm		TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Government Loan	a	112,762	-	-	4,268	-	-	-	-	-	117,030
Government of Tanzania loan (Deferred capacity charge)	b	-									
ING Bank - Optical Fibre	c	55,411	-	-	1,773	-	3,089	-	-	-	60,273
ING Bank - Tegeta 45MW	d	39,030	-	-	-	-	2,176	-	-	-	41,206
IDA Credit 3569 TA - Songo songo	e	13,811	-	-	490	-	519	-	-	-	14,880
EDCF-TEDAP	f	24,285	-	-	5	-	26	1,476	-	-	25,792
ADF-Electricity V	g	28,806	-	-	-	-	1,082	1,820	-	-	31,708
EDCF-KOREA (BTIP)	h	34,333	-	-	7	-	36	2,090	-	-	36,466
EIB - BITP	i	121,173	-	-	3,136	-	6,755	3,180	-	-	134,245
IDA Credit 4798 TA -BITP	j	71,495	-	-	-	-	2,685	4,442	-	-	78,622
ADF - BITP	k	62,605	6,997	(1,896)	-	-	2,342	2,570	-	-	72,616
JICA - BITP	l	61,708	13,207	(4,023)	11	-	(2,363)	2,912	-	-	71,451
Syndicated loan 408Abillion facility A	m	31,067	-	-	475	(6,507)	-	-	(24,131)	(903)	-
Syndicated Loan 408Bbillion Facility B (USD 53.39m)	n	21,812	-	-	177	(3,959)	2,871	-	(20,398)	(503)	-
Syndicated loan 300 bill		-	-	-	-	-	-	-	-	-	-
On Lending Standard Bank	o	336,264	-	-	14,438	10,466	(14)	-	-	-	361,154
On Lending Ida - 3297,809.370 Years	p	123,899	-	-	2,373	-	(41)	6,830	-	-	133,062
BADEA	q	7,200	11,884	(2,956)	-	-	(234)	406	-	-	16,299
TIB Bridge facility	r	26,329	-	-	3,277	(749)	-	-	(6,323)	(3,277)	19,257
30 DAYS NMB Loan Facility		-	13,008	-	-	-	(129)	-	(5,220)	-	7,659
ADF-KTPIP	t	79,090	45,156	(8,640)	937	-	2,247	3,441	-	-	122,230
JICA-KTPIP	u	71,653	19,081	(6,783)	15	-	(4,143)	2,402	-	-	82,225
ADF-RUSUMO	v	4,012	5,959	(1,973)	81	-	133	215	-	-	8,428
AFD (KFW) Geita-Nyakanazi	w	-	-	-	-	-	-	-	-	-	-
SIDA-GVT-Makambako Songea	x	-	-	-	-	-	-	-	-	-	-
AFD Geita Nyakanazi	y	5,232	8,446	(882)	96	-	148	352	-	-	13,392
OFID Bulyahulu Geita	z	6,548	16,075	(2,352)	-	-	(704)	492	-	-	20,058
AFD Grid Rehab & Upgrade project	aa	1,360	27,414	(3,452)	195	-	132	640	-	-	26,288
ADF Nyakanazi Kigoma	bb	1,760	2,645	-	127	-	6	-	-	-	4,538
IDA Credit - TAZA		22,133	-	-	-	-	23	277	-	-	22,434
		1,363,776	169,872	(32,958)	31,882	(749)	16,643	33,544	(56,072)	(4,683)	1,521,254

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 2019	Addition during the year	Fair value adjustment	Interest	Interest adjustment/Reclassification	Exchange gains/ losses	Discount unwinding	Principal paid	Interest paid	Balance as at 30 June 2020
		TZS 'm		TZS 'm	TZS 'm		TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Government Loan	a	110,627	-	-	2,134	-	-	-	-	-	112,762
Government of Tanzania loan (Deferred capacity charge)	b	453,679	-	-	-	(453,679)	-	-	-	-	-
ING Bank - Optical Fibre	c	54,019	-	-	1,679	-	(287)	-	-	-	55,411
ING Bank - Tegeta 45MW	d	39,238	-	-	-	-	(209)	-	-	-	39,030
IDA Credit 3569 TA - Songo songo	e	13,408	-	-	472	-	(68)	-	-	-	13,811
EDCF-TEDAP	f	22,791	-	21	5	-	72	1,396	-	-	24,285
ADF-Electricity V	g	22,448	-	3,525	-	-	(113)	2,946	-	-	28,806
EDCF-KOREA (BTIP)	h	32,217	-	31	7	-	102	1,975	-	-	34,333
EIB - BITP	i	83,308	-	29,625	990	-	(431)	7,681	-	-	121,173
IDA Credit 4798 TA -BITP	j	51,340	-	12,241	-	-	(258)	8,172	-	-	71,495
ADF - BITP	k	34,106	26,546	(1,586)	-	-	(188)	3,727	-	-	62,605
JICA - BITP	l	44,748	20,350	(6,824)	9	-	809	2,616	-	-	61,708
Syndicated loan 408Abillion facility A	m	80,573	-	-	3,763	-	-	-	(48,263)	(5,006)	31,067
Syndicated Loan 408Bbillion Facility B (USD 53.39m)	n	57,707	-	-	2,057	-	5,662	-	(40,369)	(3,245)	21,812
Syndicated loan 300 bill		-	-	-	-	-	-	-	-	-	-
On Lending Standard Bank	o	316,547	-	-	18,734	-	983	-	-	-	336,264
On Lending Ida - 3297,809.370 Years	p	114,862	-	-	2,364	-	231	6,443	-	-	123,899
BADEA	q	2,957	5,120	(1,094)	-	-	24	192	-	-	7,200
TIB Bridge facility	r	32,220	-	-	4,509	-	-	-	(5,891)	(4,509)	26,329
ADF-KTPIP	t	41,419	26,728	6,936	671	-	157	3,179	-	-	79,090
JICA-KTPIP	u	57,703	18,571	(7,691)	18	-	944	2,107	-	-	71,653
ADF-RUSUMO	v	3,020	303	497	62	-	(8)	138	-	-	4,012
AFD (KFW) Geita-Nyakanazi	w	-	-	-	-	-	-	-	-	-	-
SIDA-GVT-Makambako Songea	x	23,304	-	-	-	(23,304)	-	-	-	-	-
AFD Geita Nyakanazi	y	282	5,697	(848)	20	-	(1)	74	-	-	5,232
OFID Bulyahulu Geita	z	2,685	4,121	(459)	-	-	34	167	-	-	6,548
AFD Grid Rehab & Upgrade project	aa	1,202	-	110	19	-	(6)	35	-	-	1,360
ADF Nyakanazi Kigoma	bb	-	1,712	-	44	-	4	-	-	-	1,760
IDA Credit - TAZA		-	25,689	(3,598)			(232)	273			22,133
		1,696,410	134,838	30,886	37,557	(476,983)	7,221	41,129	(94,523)	(12,760)	1,363,776

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.

b) The amount of TZS 453,679 million arises from capacity charges by Songas Limited on which the Company has negotiated deferred payment terms with the Government. This amount is unsecured and is interest free. The capacity charges deferred each month are repayable twenty years from the date of deferment.

c) 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. No repayment of the loan has been made.

d) 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.

e) 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.

f) 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.

g) 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.

h) 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.

BORROWINGS (Continued)

TERMS AND CONDITIONS ON BORROWINGS

i) (EIB) (European Investment Bank) - This loan is from EIB 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.

j) 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 15th August 2030 to 15th February 2050 repayable semi-annually for a period of 40 years starting 2020.

k) 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.

l) 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.

m) This is TZS 408 billion Syndicated loan facility A, this is a Tanzania Shillings portion of loan and the applicable rate of interest for amounts advanced under this facility is Government of Tanzania 182-day Treasury Bill rate plus the agreed margin of 4.50%. The effective rate charged in 2013 was 19.38% and as at 30 June 2018 is 7.96%. The Company received 85% of the loan amount while the lenders have withheld the 15% as collateral.

n) This is TZS 408 billion Syndicated loan facility B with grace period of three years started, this carry USD portion of loan and the applicable rate of interest for amounts advanced under this facility is six month LIBOR plus the agreed margin of 5%. The effective rate charged in 2013 was 5.25% and as at 30 June 2018 is 7.27%. The Company received 85% of the loan amount while the lenders have withheld the remaining 15% as collateral.

o) o) 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.

30 BORROWINGS (Continued)

TERMS AND CONDITIONS ON BORROWINGS (Continued)

p) 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 15th August 2023 to 15th February 2033 interest 1% and from 15th February 2033 - 15th February 2053 interest is 2%. The amount received in 2013 was US Dollars 100,000,000 that was fair-valued to US Dollars 30,787,852 on initial recognition and US Dollars 40,171,163.97 at year-end. The remaining balance was recognised as government contribution.

q) 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.

r) 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.

s) 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.

t) 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).

u) 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 semiannual 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)

30 BORROWINGS (Continued)

TERMS AND CONDITION ON BORROWINGS (Continued)

v) 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.

w) KFW loan was classified as Grant based on article 1 (clause 1.1) of the financing agreement which clearly specify that the financial contribution cannot be repayable unless otherwise the country fail to meet conditions stipulated in article 4.2 of the financing agreement.

x) Government loan from AB-SVENSK EXPORTKREDIT for financing Makambako-Songea 220 kV transmission line and rural electrification project of districts in the Iringa and Ruvuma Regions. The loan classified as advance toward share capital as per Article 5 sub article 5.1 item J, which require the Government of Tanzania to inject the proceed of oth Credit and Grant to TANESCO as equity.

y) 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 9th October 2015. This loan carry an interest rate of 1.14% compounded semiannual for a period of 19 years after 4 years grace period.

z) Government loan from the Opec International Fund for Development (OFID) dated August 4, 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 installments after 5 years' grace period. The loan is for financing Bulyanhulu -Geita transmission line and Geita Electrification Project.

aa) 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 semiannual 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).

bb) 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 semiannually 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 apply constant borrowing rate of 3.422% as applied in the loan amortization schedule of the on-landing agreement.

31 OTHER EMPLOYMENT BENEFITS

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At the start of the year	33,161	28,954	33,161	28,954
Prior year adjustment	-	(27)	-	(27)
Interest cost	5,234	4,437	5,234	4,437
Acturial (loss)/gain	193	200	193	200
Current service cost	1,715	1,780	1,715	1,780
Benefits paid	(1,540)	(2,183)	(1,540)	(2,183)
At the end of the year	38,764	33,161	38,764	33,161

Actuarial assumptions				
Discount rate per annum	18.7%	18.7%	18.7%	18.7%
Inflation rate	3.0%	3.0%	3.0%	3.0%
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 projected Unit Credit Method ("PUC Method") to value the liability of the Long service award Scheme. This method stipulated under the IAS 19 requirements.

The Group have assumed a long term discount of 18.7% p.a. This is in line with the forecasted 20-years government bond weighted average yields as published by Bank of Tanzania (BOT) as at 30 June 2019 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 3.0% p.a. The inflation rate has been derived by using the medium term inflation target as published on 6th February 2019 by the Tanzanian Monetary Policy Committee extrapolated to the maturity of the liability.

32 TRADE AND OTHER PAYABLES

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Current				
Trade payables	1,082,512	960,256	1,053,984	951,578
Advances against work orders	4,228	13,571	4,228	13,571
EWURA and REA	22,434	21,349	22,434	21,349
Customers with credit balances	1,614	1,944	1,614	1,944
TANESCO Employees Trust Deed Fund	-	-	-	-
Deferred revenue from government	6,248	6,656	6,248	6,656
Deferred LUKU sales	7,753	6,836	7,753	6,836
Accrued expenses	309,842	205,545	307,621	203,170
Related party payable- ETDCO	-	-	35,958	27,524
Other payables	931,188	667,259	927,506	664,531
	2,365,819	**1,883,416**	**2,367,346**	**1,897,158**

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

33 CONSUMER DEPOSITS

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Consumer deposits:				
at start of the year	16,179	16,374	16,179	16,374
Addition/(Amortization)				
Refund/Charge during the year	(206)	(195)	(206)	(195)
	15,973	**16,179**	**15,973**	**16,179**

34 CASH GENERATED FROM OPERATIONS

		Consolidated		Separate	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Note	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Operating activities			-		
Profit/ (Loss) before tax		54,845	43,891	50,253	50,879
Adjustments for:					
Depreciation	16	439,932	431,613	439,252	431,153
Revaluation loss					
Depreciation of investment property	19	91	45	91	45
Interest expense	30	-	44,516	-	44,516
Amortisation of AFUDC prepayment	23	4,486	4,486	4,486	4,486
Amortisation of intangible asset	18	3,388	1,748	3,343	1,718
Amortisation of grants	29	(115,480)	(113,957)	(115,241)	(113,686)
Increase/(decrease) in ECLs on receivables	26	2,202	(5,446)	2,202	(5,446)
Increase/(decrease) in ECLs on Bank Balances	27(a)	136	6	136	6
Gain on Defined Benefit Plan	31		-		-
Discount unwinding	30	33,544	24,589	33,544	24,589
Fair valuation adjustment					
Increase in Asset retirement Obligation	37	717	255	717	255
Fair valuation adjustment					
Other employment benefits	31	6,950	6,217	6,950	6,217
Net unrealized forex losses		(7,329)		(7,329)	
Impairment Loss		686	8,394	671	8,394
Provision for Obsolete/slow moving stock		21	993	21	993
Net unrealized forex (gains)/losses	30	16,643	(5,269)	16,643	(5,269)
		440,833	**442,082**	**435,753**	**448,851**
Changes in:					
- inventories	25	(399)	3,450	(399)	3,450
- trade and other receivables	26	(437,850)	(46,311)	(412,788)	(31,791)
- Related party transactions		1,604	-		
- Prepayments		275,440	(976,501)	275,450	(976,496)
- Provisions	36	346,825	(3,292)	346,825	(3,292)
- Withholding Tax		-	(12)	-	(12)
-Employee benefit paid		(1,540)	(2,183)	(1,540)	(2,183)
Deferred income		32,958		32,958	
-Asset held for repair		-		-	
- trade and other payables and consumer deposits	33	490,632	748,656	469,983	739,204
Cash generated in operations		**1,148,503**	**165,889**	**1,146,242**	**177,732**

35 TAX PAYABLE

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Opening balance	17,332	10,176	17,214	8,640
Current Tax	1,599	1,339	-	-
Alternative Minimum Tax	9,308	7,032	9,306	7,031
Late filling of returns	-	2,573	-	2,573
Withholding Taxes paid	(750)	(443)	(32)	-
Prior year adjustment	(453)	(167)	-	-
Instalments paid	(7,388)	(3,179)	(6,368)	(1,029)
Tax Amnesty	-	-	-	-
Closing balance	**19,648**	**17,332**	**20,121**	**17,214**

36 PROVISION

	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Legal claims	**318,265**	**5,500**	**318,265**	**5,500**
Movement during the year				
Opening balance	5,500	5,867	5,500	5,867
Additions during the year	312,765	(367)	-	(367)
Charge during the year	-	-	-	-
Utilized during the year	312,765	-	312,765	-
Closing balance	**631,030**	**5,500**	**318,265**	**5,500**
Opening balance	87,772	90,697	87,772	90,697
Additional during the year	-	-	-	-
Utilized during the year	144,849	(2,924)	144,849	(2,924)
Other provisions	**232,621**	**87,772**	**232,621**	**87,772**
Total Provisions	**550,886**	**204,061**	**550,886**	**204,061**

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

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At 1st July:	**1,675**	**1,419**	**1,675**	**1,419**
Additional provision during the year				
Decrease due to change in estimates	717	255	717	255
	2,392	**1,675**	**2,392**	**1,675**

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 18.7% (2018: 11.8%)
-The site is of the medium risk and medium sensivity.
-Tanzania inflation rate used is 3.0%

38 PREPAYMENT

	Consolidated		Separate	
	2021	2020	2021	2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
At 1 July:	1,028,221	50,526	1,027,022	50,526
Additional/release during the year	(276,290)	977,696	(275,450)	976,496
At 30 June	751,931	1,028,221	751,572	1,027,022

Prepayment involves cash paid to various suppliers to facilitate/acquiring of various projects including Julius Nyerere Hydro Power Plant (JNHPP). Advance payment will amortized after completion of each stage of works upon receiving of completion certificate.

39 CONTINGENT LIABILITIES

The Company is a defendant in various legal actions, which, in the opinion of the directors, after taking appropriate legal advice, will not give rise to any significant loss.

A significant legal case has been summarized below:

(i) 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 11th October 2019 required TANESCO to pay SCBHK US$148.4 million (approximately TZS 340,802 million) together with interest on the amount owing on the basis of simple 3 month 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

On 1st March 2021 the Attorney General of the United Republic of Tanzania and the Permanent Secretary of the ministry of Energy on behalf of the Government of the United Republic of Tanzania on the one part and Independent Power Tanzania Limited (IPTL) on the other, entered into a Deed of Settlement in which IPTL, based on a Deed of Indemnity signed between IPTL and the Government of Tanzania in 2013, assumes the government's and Tanesco's financial liabilities to SCBHK. The Deed of Settlement as of now is reinforced by a High Court judgment (Hon. I.K. Banzi) in case no. 90 of 2018 which was concluded on 25 March 2021.

Legal advice obtained indicates that although the Guarantor has lost, it is not probable that certain liability will arise now as the possibility of execution and finally payment of the claim still depends on fulfilment of conditions of the Deed of settlement and execution of the High Court Decree in case no. 90 of 2018. If IPTL does not pay, the Government, under clause 9 of the said High court Decree and or clause 1.2.7 of the Deed of Settlement can exercise its right of summary procedure or any other remedy available in law which right IPTL unequivocally and irrevocably grants to recover the said sums from financial, physical or any other assets or interests of IPTL. Summary procedure does away with the cumbersome procedural requirements of handling cases and the claimant usually gets paid within the shortest time possible. Therefore, at the date of signing of these financial statements no liability has been confirmed and hence the Company has not made any provision against the claim.

(ii) Other litigations

As at 30 June 2021, 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 6,112 million.

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

39 COMMITMENTS

a) Capital commitments

The Board of Directors approved capital commitments for the year ended 30 June 2022 of TZS. 484,395 million (30 June 2021: TZS 516,205 million). Included in the approved capital commitments is TZS 183,735 million for on-going other projects, Others New CWO is TZS 47,349 million, Voltage improvement TZS 43,259 million, On-going extension distribution projects TZS 18,105 million, New extension distribution projects TZS 70,385 and TZS 121,562 million for service line connection.

b) Other commitments

Other commitments included overseas procurement of materials where payments is 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 2021	30 June 2020
	TZS 'm	TZS 'm
Local purchase orders - (goods ordered but not yet delivered)	12,131	10,200
	12,131	**10,200**

Independent Power Tanzania Limited (IPTL)

There is no commitment in respect of annual capacity charges. The Power Purchase Agreement between the Company and IPTL is for 20 years and it commenced in 2002. Since July 2017 after expire of the license, the regulator is yet to grant a new license.

SONGAS Limited

There is a commitment of TZS 137,562 million in respect of annual capacity charges. The Power Purchase Agreement between the Company and SONGAS is for 20 years and it commenced in 2003.

40 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:	Consolidated		Separate	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Transactions:				
Sales of electricity				
National departments/ministries	42,693	47,225	42,676	47,225
Local governments	9,001	4,542	9,001	4,542
Public entities	47,475	45,054	47,475	45,054
Zanzibar Electricity (ZECO)	91,072	92,810	91,072	92,810
	190,242	**189,631**	**190,225**	**189,631**
Purchases of goods and services				
National departments/ministries	142,289	94,562	142,144	94,562
Local government	4,531	3,085	4,382	3,085
Public entities	435,435	408,918	432,912	408,918
	582,255	**506,565**	**579,438**	**505,565**
Expenses paid for TGDC	4,452	5,318	4,452	5,318
Expenses paid for ETDCO	2,608	3,129	2,608	3,129
Expenses paid for TCPM	1,499	1,174	1,499	1,174
	8,559	**9,621**	**8,559**	**9,621**

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

	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
TGDC	-	-	-	-
ETDCO	3,348	1,850	3,348	1,850
National departments/ministries	28,158	36,305	28,158	36,305
Local government	1,063	1,362	1,063	1,362
Public entities	47,401	45,159	47,401	45,159
Zanzibar Electricity Corporation	181,703	146,974	181,703	146,974
	273,462	231,650	261,672	231,650

Outstanding balances (due to related parties) Payables and amounts owed to related parties		**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
		TZS 'm	**TZS 'm**	**TZS 'm**	**TZS 'm**
National Departments/Ministries		11,577	9,671	11,224	9,671
Local Government		1,430	1,303	1,284	1,303
Public entities		410,820	345,601	410,819	345,601
		423,828	**356,575**	**423,327**	**356,575**
Borrowings					
Government on lent loan	30	**1,521,889**	**1,284,569**	**1,521,889**	**1,284,569**

Directors and key management personnel remuneration

Consolidated	**30 June 2021**	**30 June 2020**
	TZS 'm	**TZS 'm Fees**
Non Executive directors		
Dr. Alex L. Kyaruzi	71	40
Amb.Dr. James Nzagi	51	27
Mr. David Elias Alal		-
Dr. Lugano Wilson	42	20
Eng. Gilay Shamika	46	29
Ms Anna Ngowi		-
Dr. Gemma K. Modu	47	27
Mr. Denis M. Manumbu	53	31
Mr. Bubi John Kulwa	79	32
Dr. John S. Kihamba	57	26
Mr. Mathew M. Kirama	49	28
Others	232	-
Total non- executive directors	**725**	**260**

	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
	Salary and post retirement		Fees and Sitting allowances	
Key management	3,489	3,191	-	-
Total	**3,489**	**3,191**	-	-

Company	30 June 2021	30 June 2020
	TZS 'm	TZS 'm
	Fees	
Non Executive directors		
Dr. Alex L. Kyaruzi	71	40
Amb.Dr. James Nzagi	51	27
Mr. David Elias Alal		-
Dr. Lugano Wilson	42	20
Eng. Gilay Shamika	46	29
Dr. Gemma K. Modu	47	
Mr. Dennis M. Manumbu	53	
Mr Bubi J. Kulwa	79	
Dr. John Kihamba	57	
Mr. Methew M. Kirama	49	
Ms Anna Ngowi		-
Others	232	144
Total non- executive directors	725	260

	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
	Salary and post retirement benefits		Fees and Sitting allowances	
Key management	1,759	1,403		--
Total	**1,759**	**1,403**		-

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

41 ULTIMATE OWNER OF THE COMPANY

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

42 CURRENCY

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

43 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.

44 SUBSEQUENT EVENTS

The events summarized below happened subsequent to the reporting date. These are non-adjusting events.

Symbion Power (Tanzania) Limited Case

Symbion Power (Tanzania) Ltd ("Symbion") purports to have signed a Power Purchase Agreement (PPA) on 10th December 2015 with TANESCO. However, as per available records, the same had been put on hold on the ground that the government was scrutinizing the agreement and that being the case the parties continued with an interim arrangement which was in effect since 16th September 2015 to generate power while awaiting the outcome of the review of the PPA.

In March, 2016 TANESCO wrote a letter to Symbion informing them the fate of the PPA after government scrutiny. Being dissatisfied, on 13th March 2017, Symbion decided to seek recourse in the International Chamber of Commerce (ICC). Symbion is still claiming USD 566 million from TANESCO due to the alleged cessation of the intended PPA.

The ICC proceedings have been closed through amicable settlement between the Government of United Republic of Tanzania (GoT) and Tanzania Electric Supply Company Limited (TANESCO) in one hand and Symbion Power (Tanzania) Limited in the other hand. The Deed of Settlement entered into between the Parties on 21st May 2021, recorded among other things, Settlement amount of USD 153 million(TZS 351,736 million) be paid to Symbion Power (Tanzania) Limited in three Instalments).

The Attorney General and the permanent Secretary of the Ministry of Energy are in the process of finalising payment of the remaining two instalments of the settlement sum on a common understanding that at the end the power plants will be transferred to TANESCO at the value of one dollar as agreed between the parties. Three out 5 plants have already been started and contribute power to the national grid, the fourth and fifth are still being prepped up. A bill of transfer of the plants has already been prepared following serious negotiations between Symbion and a team of technical and legal persons from TANESCO, the Ministry and the Attorney General's office.