



**THE UNITED REPUBLIC OF TANZANIA**

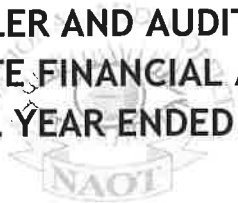
**NATIONAL AUDIT OFFICE**



**ISO 9001:2015 Certified**

**TANZANIA TELECOMMUNICATIONS CORPORATION**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
CONSOLIDATED AND SEPARATE FINANCIAL AND COMPLIANCE AUDIT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**



---

Controller and Auditor General,  
National Audit Office,  
Audit House,  
4 Ukaguzi Road,  
P.O. Box 950,  
41101 Tambukareli,  
Dodoma, Tanzania.  
Tel: 255 (026) 2161200-209,  
Fax: 255 (026) 2117527,  
E-mail: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)  
Website: [www.nao.go.tz](http://www.nao.go.tz)

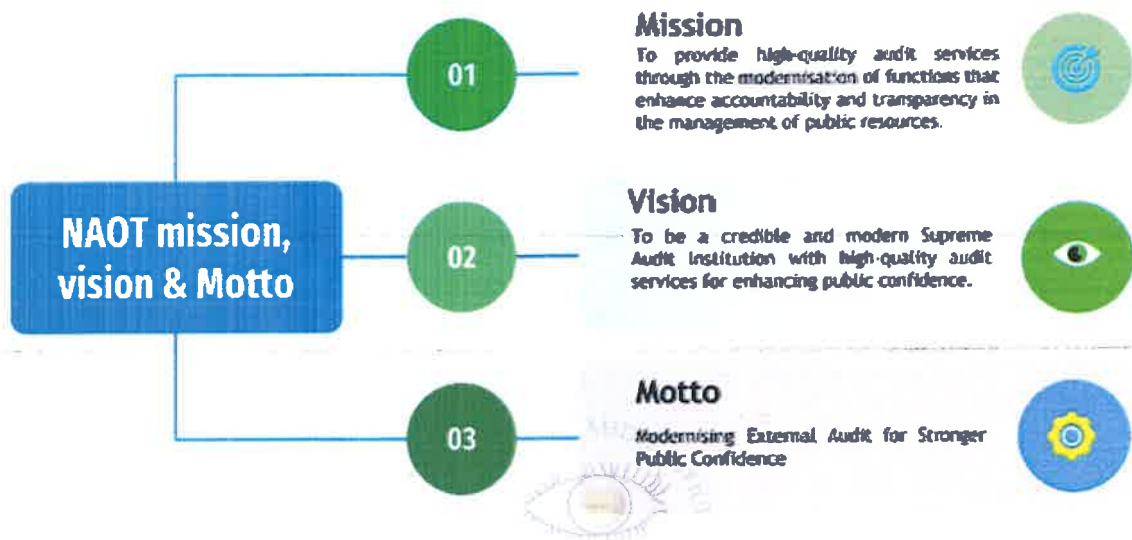
February 2024

AR/PA/TTCL/2022/23

## About the National Audit Office

### Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418[R.E 2020]



### Independence and objectivity

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

### Teamwork Spirit

We value and work together with internal and external stakeholders.

### Results-Oriented

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



### Professional competence

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

### Integrity

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

### Creativity and Innovation

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

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

**TABLE OF CONTENTS**

<b>ABBREVIATIONS.....</b>	<b>iii</b>
<b>REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023.....</b>	<b>1</b>
<b>2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2023 .....</b>	<b>33</b>
<b>3.0 DECLARATION BY THE DIRECTOR OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023 .....</b>	<b>34</b>
<b>4.0 FINANCIAL STATEMENT .....</b>	<b>35</b>
<b>NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023.....</b>	<b>43</b>

**ABBREVIATIONS**

<b>4G</b>	Fourth Generation
<b>5G</b>	Fifth Generation
<b>AC</b>	Audit Committee
<b>APP</b>	Annual Procurement Plan
<b>B2W</b>	Bank account to the Wallet
<b>BIC</b>	Budget and Investment Committee
<b>CAG</b>	Controller and Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>COTWU</b>	Communication and Transport Workers Union of Tanzania
<b>DG</b>	Director General
<b>DSE</b>	Dar Es Salaam Stock Exchange
<b>FTTX</b>	Fiber To The X
<b>GDP</b>	Gross Domestic Product
<b>HRAC</b>	Human Resources and Administration Committee
<b>IAS</b>	International Accounting Standards
<b>IASB</b>	International Accounting Standards Board
<b>ICT</b>	Information and Communications Technology
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IP</b>	Internet Protocol
<b>IRU</b>	Indefeasible right of use
<b>ISSAIs</b>	International Standard of Supreme Audit Institutions
<b>KPI</b>	Key Performance Indicators
<b>LPO</b>	Local Purchase Order
<b>NBAA</b>	National Board of Accountants and Auditors National Information and Communications Technology Broadband Backbone
<b>NICTBB</b>	
<b>NIDC</b>	National Internet Data Centre
<b>MICIT</b>	Ministry of Information, Communication and Information Technology
<b>OCI</b>	Other Comprehensive Income
<b>PAYE</b>	Paye As You Earn
<b>POS</b>	point of sales
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PSSSF</b>	Public Service Social Security Funds
<b>SME</b>	Small and mid-size Enterprises
<b>SMT</b>	Senior Management Team
<b>TEWUTA</b>	Telecommunication Services Workers Union of Tanzania
<b>TFRS</b>	Tanzania Financial Reporting Standards
<b>TRA</b>	Tanzania Revenue Authority
<b>UCSAF</b>	Universal Communications Service Access Fund
<b>VAS</b>	Value Added Services
<b>W2B</b>	Wallet to the Bank account
<b>WTTX</b>	Wireless To the X
<b>ZSSF</b>	Zanzibar Social Security Funds

## 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,  
Tanzania Telecommunications Corporation (TTCL),  
P.O. Box 9070,  
Dar es Salaam, Tanzania

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Unqualified Opinion

I have audited the consolidated financial statements of Tanzania Telecommunications Corporation and its subsidiary - TTCL PESA Limited (together “the Group”), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in net equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Tanzania Telecommunications Corporation as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

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

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

#### Emphasis of Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Note 47 of the financial statements indicates that on 30 October 2022 the Government announced its intention to transfer the ownership of National Information and Communications Technology Broadband Backbone (NICTBB) and National Internet Data Centre (NIDC) to TTCL Corporation. Later, the Corporation received a letter from the Government indicating its final decision to transfer those National Strategic Infrastructures to TTCL effective from 20 November 2023. Therefore, the financial statements of TTCL Corporation for financial year 2023/24 will include financial data of both NICTBB and NIDC. Generally, the decision is expected to improve the financial performance and position of the Corporation from financial year 2023/24 onwards. The Government is

expected to prepare the Transfer Deed for both NICTBB and NIDC which will disclose the total value of NICTBB and NIDC to be transferred to the Corporation

### **Key Audit Matters**

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

### **Other Information**

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

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

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

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is no 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 misstatement, whether due to fraud or error.

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- 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 our 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, Cap 410 [R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

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

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

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

I performed a compliance audit on procurement of works, goods, and services in the Tanzania Telecommunications Corporation for the financial year 2022/23 as per the Public Procurement laws.

#### **Conclusion**

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

#### **i) Non-observation of contractual terms in implementation of contract worth TZS 1.66 billion**

TTCL Corporation awarded tender No. PA/032/2022-2023/HQ-NPDIS/G/27 for Supply of Treated Wooden Poles under 1 Year framework at contract price of TZS 1,662,478,400. However, some of goods were not delivered despite the lapse of delivery period. It was agreed in the contract that goods shall be delivered as per time specified in the schedule of requirement, the expected period for supply for each call off order was fourteen (14) days from the date of receipt of order. However, the supplier did not give the purchaser a notice, within three working days of the date of the call off order, stating its inability to deliver the supplies within the response time as required by Para 9(b) of the form of the contract.

According to Clause No. 21 of the special Condition of contract (SCC) and General Condition of Contract (GCC) Clause 26 liquidated damage should be charged at the rate of 0.1 percent per day of undelivered goods value up to the sum equivalent to the amount of 10 percent of contract value. During this audit on 18/08/2023 it was noted that 1140 (8m) and 100(m) poles for call off order No. CO23/0001 and 2200(8m) and 50(9m) poles for call off order No. CO23/0006 were not delivered and there was no any evidence of request or approval for extension of time offered to suppliers for the delay in the delivery of goods.



In this case, the supplier was supposed to be charged liquidated damage as provided in Reg. 242 (2) of Public Procurement Regulations, 2013.

**ii) Inadequate implementation of Annual Procurement Plan by 51%**

The Annual Procurement Plan (APP) for the year 2022/23 was inadequately implemented because the planned activities of TZS 99.29 billion equivalent to 51% of the planned procurements were not undertaken. This was slight improvement compared to the previous financial year (2021/22) where the Corporation did not implement 89% of the planned procurements.

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

**Subject matter: Budget formulation and execution**

I performed a compliance audit on budget formulation and execution in the Tanzania Telecommunications Corporation for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

**Conclusion**

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

**Underperformance of the external revenue budgeted by TZS 83.42 billion equivalent to 97%**

Paragraph 2.2.5.1 of TTCL Accounting Manual 2010 on Purpose of Annual Budget Preparation require the annual budget to provide the basis for financial planning and to highlight unexpected variations of income, expenditure or/and capital expenditure on a periodic basis so that corrective measures may be taken.

The Quarterly Implementation reports submitted to the Budget and Investment Committee (BIC) for the financial year ended 30 June 2023 show the Corporation attained an actual collection of TZS 2,631,513,467 from external revenue. This represents an underperformance on the external revenue stream by TZS 83,419,743,863 (97%) when compared with the budgeted amount of TZS 86,051,257,330.

  
Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
February 2024



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

**2.1 INTRODUCTION**

The Directors present the consolidated and separate financial statements for the year ended 30 June 2023 (the “period”) which disclose the state of affairs of Tanzania Telecommunications Corporation (the “Corporation” or TTCL Corporation) and its subsidiary - TTCL PESA Limited. Tanzania Telecommunications Corporation was established by the Tanzania Telecommunications Corporation Act Number 12 of 2017 on 1 February 2018 and is fully owned by the Government of the United Republic of Tanzania.

The financial statements for the year ended 30 June 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 23<sup>rd</sup> Feb. 2024

**2.2 CORPORATION OVERVIEW**

**2.2.1 Profile**

TTCL Corporation is the largest wire-line Telecommunication carrier in Tanzania providing complete range of voice and broadband services to retail and wholesale customers. The Corporation provides mobile services for both data and voice countrywide; furthermore, TTCL Corporation offers mobile money services through its subsidiary, TTCL PESA Limited. The Corporation is currently operating under the five (5) years strategic plan 2022/23 - 2026/27 whereby the focus is to expand its fixed business segment especially in the area of fibre connection - FTTH “Faiba Mlangoni Kwako”.

TTCL Corporation has also been mandated by the Tanzania Telecommunications Corporation Act Number 12 of 2017 to operate and maintain all types of telecommunications Networks, including ICT systems and services within and outside the United Republic of Tanzania such as The National Information and Communications Technology Broadband Backbone (NICTBB) and National Internet Data Centre (NIDC) on behalf of the Government.

TTCL Corporation is responsible for managing infrastructural facility in a manner that ensures the safety, economic and commercial viability of the strategic telecommunications infrastructure. TTCL Corporation is committed to provide various telecommunication goods and services to both rural and urban customers to ensure customers satisfaction is attained and fulfil the Governmental objectives on communication sector.

**2.2.2 Incorporation and Ownership**

The Corporation was incorporated in Tanzania under the Tanzania Telecommunications Corporation Act No.12 of 2017 as a public corporation and came into operation on 1 February 2018. TTCL Corporation was formulated from the former Tanzania Telecommunications Company Limited which was established

by an Act of Parliament in 1993. The registered office for the Corporation is EXTELECOMS HOUSE, 32 SAMORA AVENUE, P. O. Box 9070, 11950 Dar es Salaam.

Tanzania Telecommunications Corporation is fully owned by the Government of the United Republic of Tanzania through the office of Treasury Registrar. It is a public corporation, which is governed by the Public Corporation Act, revised edition 2010.

The subsidiary, TTCL PESA Limited was incorporated on 6 July 2017 under the National Payment System Act of 2015 and the Company Act of 2002 as a limited liability company. The subsidiary is 100% owned by TTCL Corporation.

TTCL Corporation was mandated by the Government of United Republic of Tanzania to manage two Telecommunications Strategic Infrastructures which are National ICT Broadband Backbone (NICTBB) and National Internet Data Centre (NIDC). All these infrastructures are fully owned by the Government.

## 2.3 MISSION AND VISION

### Vision Statement

To be a leading world class communication service provider in Tanzania. “Our focus is our customer and “Our strength is our people”.

### Mission Statement

To provide world class communication services to our customers, through continuous technological and customer care improvements with qualified and motivated employees and contribute to the national development and usage of Information Communication Technology (ICT).

## 2.4 TTCL CORE VALUES AND PRINCIPLES

The TTCL Corporation’s Day to day activities are guided by a set of values and principles which define a corporate culture and inform the actions of its employees by identifying what is most important in how things are done within the organization. TTCL Corporation values and principles will be understood and practiced by all employees and will be demonstrated to all stakeholders in everything the employees do.

### CORE VALUES

Honesty, Integrity, and Mutual Respect. These will be at the core of all employee behaviour.

## PRINCIPLES

Teamwork, Open honest communications, Common Objectives; Active participation and ownership of customer solutions; Demonstrate the values and principles; and Excellence in everything we do.

- Working as a team, will allow TTCL Corporation employees achieve personal and corporate objectives and take pride in TTCL Corporation's success and will resolve any misalignment of personal or departmental objectives;
- Open honest communications will create an atmosphere of trust and common purpose;
- TTCL Corporation employees will work toward corporate objectives. Their personal and departmental objectives will be aligned to corporate goals;
- All TTCL Corporation employees have customers, external and internal. TTCL Corporation employees will understand their customer needs and actively participate in the development of solutions to those needs. TTCL Corporation employees will not stop until their customer expectations have been met;
- TTCL Corporation employees will demonstrate the values and principles in their work environment. Their peers and their customers will recognize the value and principle driven work ethic; and
- Excellence - We believe TTCL Corporation will achieve ongoing success through a concentrated effort on excellence in whatever they do.

## 2.5 COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors is the highest decision-making organ of the Corporation. With reference to the Tanzania Telecommunications Corporation Act No.12 of 2017 section 7(1) & (2); the Board of Directors consists of Chairperson who is appointed by the President of the United Republic of Tanzania, six (6) members who are appointed by the Minister responsible for Communication.

The Director General is the Secretary to the Board as per S. 15 (1) (d) of the Tanzania Telecommunications Corporation Act No. 12 of 2017.

To fulfil its oversight responsibilities and as per requirements of section 11 of the Tanzania Telecommunications Corporation Act No.12 of 2017, TTCL Corporation Board has formulated three (3) committees of the Board namely, Audit Committee, Human Resources and Administration Committee, Budget and Investment Committee.

The Board comprises the following members as at the date of this report:

S/N	Name	Position	Age	Qualification	Nationality	Date Appointment/Terminated	of
1	Mrs. Zuhura Sinare Muro	Board Chairperson	63	Bachelor of Arts & Social Sciences	Tanzanian	28.01.2022	for three years
2	Brig.Gen. Method Kamugisha Matunda	Director	57	Bsc. Gen. (Math & Statistics)	Tanzanian	01.11.2022	for three years
3	Mr. Onorius John Njole	Director	48	Master of Laws (LLM)	Tanzanian	21.09.2020	for three years
4	CPA. Richard Malulu. Mayongela	Director	42	MBA (Finance) & CPA (T)	Tanzanian	01.02.2021	for three years
5	Mr. Rajab Uweje Yakoub	Director	55	MPA - Human Resources Management	Tanzanian	21.09.2020	for three years
6	Mr. Nkoba Eliezer Mabula	Director	43	Master of Cyber Security and Forensic Investigation	Tanzanian	01.02.2021	for three years
7	Ms. Mtumwa Said Sandal	Director	39	Master of Laws (LLM)	Tanzanian	03.03.2023	for three years

During the financial year ended 30 June 2023, the Board of Directors of TTCL Corporation consists of Six (6) directors and the Chairperson. All directors of the Board are non-executive. During the Financial Year 2022/23 one board member Brig. Gen. Omari Hamisi Majani was appointed by the Government to work outside the country and he was replaced by Bri. Gen. Method Kamugisha Matunda. Also, Hon. Nape Moses Nnauye appointed Ms. Mtumwa Said Sandal as a new board member of TTCL Corporation from 3 March 2023.

The Secretary to the Board as per S.15 (2) (d) of the Tanzania Telecommunications Corporation Act no.12 of 2017 for the financial year ended 30 June 2023 is Eng. Peter R. Ulanga who is also the Director General of the Corporation.

During the financial year 2022/23, the Board conducted Four (4) ordinary Board meetings and Five (5) special Board meetings. Several issues were discussed by the Board, the following were key issues discussed during the financial year ended 30 June 2023;

- a) Quarterly Financial Performance Reports;
- b) TTCL Corporation's Business plan and Budget;
- c) Quarterly Audit Committee reports;
- d) Quarterly Budget and Investment Committee reports;
- e) Quarterly Human Resources and Administration Committee reports;

## 2.6 CORPORATE GOVERNANCE

The Board of Directors has overall responsibility for the TTCL Corporation, including approval of the annual budget, investment plans and declaration of dividend through the Corporation's dividend policy. The Board recommends to Treasury Registrar the approval of Corporation's financial regulations and organizational structure. Also, the Board recommends to the Minister responsible for Communications policies relating to the construction of new telecommunications' infrastructures. The Board of Directors is responsible for monitoring investment decisions, considering significant financial issues and decisions, reviewing, and monitoring the Corporation financial performance and position including implementation of Strategic plans, Business Plans and Budgets.

The Board is required to meet at least four (4) times a year. The Board delegates day-to-day management of the business to the Director General (DG) who is assisted by the Senior Management Team (SMT). The SMT is invited to attend board meetings and facilitates the effective control of the Corporation's operational activities, acting as a medium of communication and coordination between various business units.

The directors believe that high standards of corporate governance directly influence the Corporation's stakeholder and investor confidence. The directors also recognize the importance of integrity, transparency, and accountability.

### Audit Committee (AC)

The Audit Committee of the Board involves the following members

S/N	Name	Position	Qualification	Nationality	Appointment and end of term*
1	CPA. Richard Mayongela Malulu	Chairperson	MBA (Finance) & CPA (T)	Tanzanian	Appointed from 01.02.2021 for three years
2	Mr. Onorius John Njole	Member	LLM	Tanzanian	Appointed from 21.09.2020 for three years
3	Dr. Mwamini Tulli	Co-opted Member	PhD (Accounting) & CPA (T)	Tanzanian	Appointed from 01.02.2021 for three years

The Audit Committee comprises of two Board Members and one co-opted member appointed by the Board as per paragraph 5 of Schedule made under S. 7 (6) of the Tanzania Telecommunications Corporations Act No. 12 of 2017. A Board member, who is not the Chairperson of the Board, chairs the Audit Committee. At least one member of the Audit Committee must have relevant experience in financial matters. SMT members such as the Director General (DG), Director of Finance (DF), Director of Technical and Operations (DTO), Director of Commercial (DC), Chief Internal Auditor (CIA), Director of Legal Services (DLS), Director of Human Resources and Administration (DHRA), and the external auditors are invitees to attend some of the AC meeting proceedings.

The main responsibility of the Audit Committee is to review and manage the overall risk of the Corporation. Furthermore, the Audit Committee is required to monitor and review the integrity of the financial statements of the Corporation including annual and interim financial reports. In addition, the Audit Committee reviews and monitors the Corporation's compliance with risk management policies and procedures to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis. This contributes to a risk assessment process performed by management which is shared with the Board on an ongoing basis.

The Audit Committee reports to the Board of Directors

In the financial year ended 30 June 2023, the AC conducted four (4) ordinary meetings and eight (8) special meetings. Several issues were discussed during the financial year ended 30 June 2023 such as follows;

- i. Internal Audit Annual Plan;
- ii. Internal Audit Activities reports;
- iii. Quality and Risk Management reports;
- iv. Safety and Security Activities reports
- v. Review of financial statements and appointment of External Auditors; and
- vi. Implementation of Management letter.

#### Human Resources and Administration Committee (HRAC)

The main responsibility of this committee is to support the Board in carrying out its oversight roles relating to Human Resources and Administration matters in the Corporation. The standing agendas of the committee are the followings:

- i. Human Resources and Administration performance reports,
- ii. Legal, Regulatory and Cases updates,
- iii. Public Relations & Corporate Social Responsibility.

The following were the members of the Committee for the financial year ended 30 June 2023.

S/N	Name	Position	Qualification	Nationality	Appointment and end of term*
1	Mr. Rajab Uweje Yakoub	Chairperson	MPA - Human Resources Management	Tanzanian	Appointed from 21.09.2020 for three years
2	Mr. Onorius John Njole	Member	LLM	Tanzanian	Appointed from 21.09.2020 for three years
3	Ms. Agatha Keenja	Co-opted Member	MBA, LLB	Tanzanian	Appointed from 29.04.2022 for three years
4	Mr. Edward Mallango	Co-opted Member	MSc. Physics	Tanzanian	Appointed on 16.09.2022

The HRAC reports to the Board of Directors of TTCL Corporation. During the financial year 2022/23, the Committee conducted Four (4) ordinary meeting to discuss various issues pertaining to Human resources and Administration.

### Budget and Investment Committee (BIC)

The BIC deals with all matters relating to budget and investment in the Corporation. It is responsible for reviewing all budget and investment issues and then recommend to the Board for approval. The meetings included discussion of annual budget of the Corporation, implementation of various investment projects such as UCSAF and other projects. Among other issues the standing agendas for discussion during the committee meetings are; -

- i. Investment projects reports,
- ii. Budget (Medium Term Expenditure Framework) implementation reports,
- iii. Request for approval of TTCL guidelines.

Also, the following were the members of the BIC for the financial year ended 30 June 2023.

S/N	Name	Position	Qualification	Nationality	Appointment and end of term*
1	Mr. Nkoba Eliezer Mabula	Chairperson	Master of Cyber Security and Forensic Investigation	Tanzanian	Appointed from 01.02.2021 for three years
2	Brig.Gen. Method Kamugisha Matunda	Member	Bsc.Gen. (Math & Statistics)	Tanzanian	Appointed from 01.11.2022 for three years
3	Ms. Mtumwa Said Sandal	Member	Master of Laws (LLM)	Tanzanian	Appointed from 03.03.2023 for three years
4	Mr. Andulile Jackson Mwakalyelye	Co-opted Member	M.A. Economics	Tanzanian	Appointed from 19.05.2022 to 04.04.2023

The Committee conducted four (4) ordinary meetings and One (1) special meeting during the financial year 2022/23 to discuss issues pertaining to budget and investments.

## 2.7 MANAGEMENT

The management of the Corporation is under the Director General (DG) who reports to the Board of Directors and assisted by Senior Management Team (SMT) which comprises Directors and Chief Internal Auditor. The DG is also assisted by Unit Managers who report direct to the office of Director General. The operations have been divided into the following business units, Sales and Marketing, Technical & Operations, Finance, Legal, Internal Audit, Human Resources and Administration, Procurement and Supplies, Risk and Quality Management and Safety & Security Management. The Director General is appointed under section 14 of the Tanzania Telecommunications Corporation Act of 2017.

Position	Name	Age	Year Joined
Director General	Eng. Peter R. Ulanga	52	2022
Director of Finance	CPA Kezia Katamboi	50	2017
Director of Technical and Operations	Eng. Cecil Francis	50	2003



Position	Name	Age	Year Joined
Director of Commercial	Mr. Vedastus Mwita	39	2017
Director of Human Resources and Administration	Mr. Alex Biziriko	45	2006
Director of Legal Services	Mrs. Anita Moshi	47	2007
Head of TTCL PESA LIMITED	Ms. Lulu Mkude	48	2017
Ag. Chief Internal Auditor	CPA. Octavian Barnabas	51	2004

## 2.8 OPERATING AND FINANCIAL REVIEW (OFR)

### 2.8.1 Principal activities

The principal activity of the Corporation is to provide communication products and services both fixed and mobile in Tanzania Mainland and Zanzibar. Also, the Corporation provides communication services outside the country. The Corporation through its subsidiary - TTCL PESA Limited provides mobile money financial services in the country. TTCL Corporation provides a complete range of voice and data telecommunications products and services to both retail and wholesale customers.

The key functions of the Corporation are clearly elaborated in the Tanzania Telecommunications Corporation Act no. 12 of 2017 S.6 (1) which include the following:

- a) To enhance safety, security, economic and commercial viability of national telecommunications services and telecommunications infrastructure through:
  - i. Promotion of effective management and operations of telecommunications services.
  - ii. Development, maintenance, promotion, and management of telecommunications services; and
  - iii. Maintenance of safety and security of telecommunications infrastructure
- b) In consultation with the Minister, plan, build, operate and maintain the Strategic telecommunications infrastructure proclaimed by Government.
- c) Carry out financial payment system in relation to telecommunications services;
- d) Operate telecommunications services in accordance with the laws and prescribed procedures governing telecommunications services;
- e) Operate and maintain all types of telecommunications networks, including ICT systems and services within and outside the United Republic of Tanzania;
- f) Provide incidental services which are necessary and proper for the purpose of the Corporation and its objectives;

- g) Provide services relating to audio and video content, multi-media, data storage and transmission, electronic payment, value added services (VAS), equipment repair and maintenance; provide technical support services to customers of the Corporation
- h) Introduce or manage other services that are similar or complementary to the services of the Corporation in the field of telecommunications and ICT for the purpose of developing or integrating these services;
- i) Provide consultancy and engineering or technical support services on matters relating to ICT to government institutions, large and small corporate and Small and Medium Enterprises (SME) as well as local authorities or other bodies;
- j) Promote local and foreign investments in telecommunications services;
- k) Undertake such other functions incidental to, necessary for the purpose of giving effect to the provisions of this Act.

### **2.8.2 National Information and Communications Technology Broadband Backbone (NICTBB) and National Internet Data Centre (NIDC) Infrastructure**

On 20 November 2023, the Government of the United Republic of Tanzania transferred the ownership of the National ICT Broadband Backbone (NICTBB) and the National Internet Data Centre (NIDC) to TTCL Corporation. This strategic move is projected to boost TTCL's assets by over TZS 400 billion for NICTBB and an additional TZS 102 billion for NIDC. Furthermore, it is anticipated to generate an extra annual revenue of more than TZS 20 billion for NICTBB and TZS 3 billion for NIDC.

NICTBB, a strategic vehicle for e-government, e-health, e-commerce, and e-learning initiatives, covers 25 regional centres and some districts with its 8,319km network. An additional 4,442km is expected to be constructed by December 2023, connecting almost 100 out of 139 districts. The remaining 39 districts will be connected by January 2024. NICTBB also connects neighbouring countries, fulfilling the Government's commitment to provide open access to international submarine optic fiber cables.

Two NICTBB construction projects currently under execution; fiber optic cable to Umoja bridge to connect Mozambique and resilient link from Singida to Mbeya (Manyoni - Kambikatoto).

National Internet Data Centre (NIDC) is a state-of-art tier-3 Data Centre connected with upgraded MPLS National backbone with the support of Seacom & EASSY international submarine cables making it a strategic hub for East Africa and beyond. NIDC is among of the largest data centre in East Africa which serves both local and international customers.

The National Data Centre provides the following basic data Centre services

- i. Co-location;
- ii. Dedicated servers with total customer control;
- iii. Virtual servers which are customized according to customer needs;
- iv. Storage/Back up services; and
- v. Domain registration and Web Hosting services.

In addition, NIDC provides Research and Development services in which it has designed and implemented digital solutions. Among the systems developed are e-RCS (Electronic Revenue Collection System) which act as “enabler” to enhance revenue collection for electronic driven companies, N-Card and Electronic ticketing systems.

All these changes including the transfer of ownership of NICTBB and NIDC to TTCL Corporation, the increase in assets, and the expected growth in revenue will be reflected in the 2023/24 financial statement of TTCL Corporation. This will provide a comprehensive view of the financial impact of these strategic decisions.

### 2.8.3 TTCL PESA Limited

TTCL PESA Limited launched its business operations in July 2017 under the brand name of T-PESA in order to provide mobile financial services in the country. The journey for customer acquisitions started with Mobile Network Operator (MNO) registration and thereafter activated to T-PESA by customers dialing \*150\*71# or using T-PESA APP. TTCL Corporation’s customers base who are biometrically registered by the end of the financial year 2022/23 was 1,532,193 which is a decrease by 24% as compared to the financial year 2021/22, out of which TTCL PESA Limited has total customer base of 1,288,639 by the end of June 2023 which is 84% of the TTCL Corporation’s customers base. The T-PESA’s customers base as at 30 June 2023 has decreased by 15% as compared to the financial year 2021/22.

The principal activity of the subsidiary company is to provide Mobile Financial Services through its TTCL PESA Platform. TTCL PESA LIMITED provides an avenue for the financial inclusion of the unbanked to formal financial services that allows easy and convenient Cashless transactions electronically.

TTCL PESA LIMITED provides the following financial services;

- i) Transfer funds from one account to another account (Peer to Peer);
- ii) Transfer funds from Wallet to the Bank account (W2B);
- iii) Transfer funds from Bank account to the Wallet (B2W);
- iv) Cash out funds (e-value for cash) at Agents locations;
- v) Purchase Airtime and Bundles from TTCL PESA Wallet;
- vi) Pay for utilities (Government Payments, Electricity, Water, TV Subscriptions etc.);

- vii) Cash deposit (cash for e-value) at Agents locations;
- viii) Merchant Payment known as “Lipa kwa T-PESA”;
- ix) Bulk Disbursement Solution;
- x) Pay for purchases at supermarkets, gas stations and other merchant’s service providers through Master pass;
- xi) Send Money from one network to another (Interoperability service);
- xii) Payment Solution through N-CARD that allows T-PESA Customers to make various payments such as National and Regional Stadium sports tickets, Kigamboni-Ferry & Saba Saba exhibition;
- xiii) E-ticketing services for purchasing bus tickets services and Air tickets,
- ix) Insurance Services.

The financial performance of the subsidiary in the financial year 2022/23 has decreased as compared to financial year 2021/22. Revenue of TTCL PESA Limited has dropped by 30.9% in the financial year 2022/23 from TZS 1,421 million last year to TZS 982 million in the current year. The main reason for the decrease was due to change in business environment which highly affects performance of the subsidiary. However, the subsidiary has changed its strategic plan in order to align with the new business developments and therefore improve its financial performance.

Also, during the financial year ended 30 June, 2023, TTCL PESA Limited reported a loss after tax of TZS 353 million as compared to the profit after tax of TZS 55 million reported in the financial year 2021/22. Management is committed to ensure improvement of financial performance of the subsidiary in financial year 2023/24.

#### 2.8.4 Industry and business environment

The Mobile sector in the country has reached a 101% penetration rate, this means the overall subscription percentage exceeded the saturation point (100%). The Sector has over 34 (56%) million internet users and 47 (77%) million mobile money subscribers. This sector has a pivot role to take Tanzania into the Fourth Industrial Revolution which is a global phenomenon. It builds in part on the collection and use of digitized data (Drones, IoT, AI, and Big Data).

The sector recognizes the importance of digital technology and has various plans to become ever stronger. Currently, TTCL Corporation is the largest operator of fixed telecommunication network infrastructure in the sector, owning the two important digital infrastructures with 100% market share in the fixed market. This signifies that; The Corporation has a pivotal role to play in developing the digital economy in the country by providing fixed communication services, especially the services provided to corporate and wholesale customers. On the other hand, TTCL Corporation has a 3% market share in mobile operations.

TTCL Corporation continues to use its internally generated funds to maintain and expand its fixed network where it has a competitive advantage over other

operators. The intention is to maintain its leadership status in the fixed business market.

#### ***International Connectivity***

The Corporation secured international connectivity from SEACOM under a 25 years lease arrangement. Additionally, the Corporation is a consortium member of the East African operators in the East African Submarine System (EASSy) project, which became operational in July, 2010. The Corporation's contribution to the EASSy cable is less than 1% of the total construction cost which entitles the Corporation to capacity equivalent to 63 E1s (digital communication link that enables the transmission of voice, data, and video signals) in 2010.

The capacity ownership has been growing following the upgrade of the cable, as of 30<sup>th</sup> June, 2023 the capacity had increased to 9,084 E1s. The cable connects all of East Africa to the rest of the world through existing submarine cable systems in South Africa and in North Africa. Following the operationalization of the international fibre cables of EASSy and SEACOM, there have been significant operational cost reductions and quality improvements.

#### ***Changes in Country's Policies and Regulations***

It is known that, both domestic and international conditions within the prevailing political, economic and social environment that supports the smooth execution of Strategic Plan, Business Plan, legal or regulatory changes have the potential to negatively impacting TTCL's ability to implement its plans for service offerings and financial position. Based on our understanding of the current economic policies and direction of the sixth phase leadership of the country, as well as interactions with the Telecommunications regulatory authority, we are confident of continuity and stability of industry environment.

#### ***Interest of key stakeholders***

The Corporation must strive to have the people, systems and structures in place to maximize its effectiveness while ensuring operational efficiency in delivering its products and services to meet stakeholders' expectations. In this context, recruiting the best skills in the market, comprehensive approval frameworks and the most appropriate technology shall be critical processes in the Corporation.

#### ***Change in Technology***

Telecom business is faced by rapid changes in technologies. One of the largest trends that telecom companies have slowly started to implement over the last couple of years is 5G which is more reliable than its predecessors including 3G and 4G. The risk is that the change in technology and market dynamics may affect TTCL significantly before realizing the returns on investments. There is a possibility of migration from 4G to 5G mobile technology before the Corporation has maximized the potential of 4G technology. The Corporation will mitigate this risk

by ensuring the acquired network contracts have guarantee for upgrades in case of any technological changes.

**Population and demographic changes**

The overriding TTCL objective intends to transform the Tanzania population into a knowledge base society through the use of cost-effective Telecom and ICT services and solution for social and economic development.

**Environmental challenges**

The unpredictable weather patterns caused by climate change have a critical impact on our connectivity infrastructure. Flooding, freezing and other extreme weather events can damage core telecom nodes at any moment, and they have the potential to cause huge connectivity issues. For example, the Northern highland of Tanzania such as Arusha Region is highly affected by floods during rainy season such that the fiber network becomes exposed and prone to cut. This is the risk which needs the future- proofing of telecom networks.

Another challenge is on cost of energy which is always high because everything in telecom industry uses power. This poses the challenge on how the corporation can reduce power usage. The same has impact on the environment by generating tons of carbon dioxide. Some researchers are analysing on how telecoms can make use of smart utilities in years to come.

**2.8.5 Shareholders of the Corporation**

The shareholding structure of the Corporation as at 30 June 2023 is as follow: -

Name of shareholder	2022/23 No. of Shares	% Age Share Holding	2021/22 No. of Shares	Shares paid up TZS mill	% Age Share Holding
Government of the United Republic of Tanzania	370,464,999	100%	370,464,999	370,465	100%
Treasury Registrar	1	-	1	-	-
Total	370,465,000	100%	370,465,000	370,465	100%

No director had interest in the shareholding of the Corporation.

**2.8.6 Current and future development and performance**

- i. On 1 July, 2022 TTCL Corporation initiated “The faiba mlangoni kwako campaign” which is a Marketing strategy for connecting FTTH customers. The campaign seeks to connect customers with high-speed internet connectivity (Broadband) through FIBRE SOLUTION targeting homes, SME and Corporate Offices. The campaign is complimented with free connection offer, whereas customers are connected without paying initial (Connection) fee but rather

subscription fee only. The Faiba Mlangoni Kwako campaign targets to connect 1 million customers in five years. At the end of financial year ended 30 June, 2023 the project generates additional revenue of TZS 4.26 billion.

The Faiba Mlangoni Kwako product has received a very good response from the market. Removal of initial connection charges (entry barrier) and good quality of the service offered have encouraged many customers to apply for the service. The target to connect 1million customers by 2026/27 is achievable, if all challenges affecting the speed to connect customers are addressed and resolved.

- ii. In the financial year 2022/23, TTCL Corporation managed to provide internet communication at the peak of Mount Kilimanjaro which was historical achievement since TTCL was established. TTCL has made great milestone by being the first and the only telecommunication company to provide communication services at the peak of Mount Kilimanjaro. The initiative leads to provide communication services to tourists, service providers and other guests at the top of Mount Kilimanjaro. The Corporation is expected to generate additional revenue from this project. The initiative expects to boost tourism sector by attracting more tourists to visit Mount Kilimanjaro and enjoy communication services at the Uhuru Peak.
- iii. Also, the Corporation initiated Public WIFI project in the financial year 2022/23. The aim of this project is to facilitate provision of high quality internet services to potential public places with large population. Targeted areas under this project include Hospitals, Universities and higher leaning institutions, Stadiums etc.
- iv. TTCL Corporation will continue to transform business operations and overall service delivery in order to increase its revenue and therefore becoming one of the key players in Tanzania and Regional Telecom markets in the near future. The strategic business plan focuses on positioning the Corporation as number one in providing telecommunications services in Tanzania and outside the country whereby the Corporation through its Strategic Plan intends to open branches in surrounding countries with main focus on quality fixed data services. The TTCL Corporation's objectives, strategies, targets are ambitious and aimed at improving operational excellence in order to attain a considerable Return on Capital Employed (ROCE) as well as improving provision of telecom services to its customers;
- v. TTCL Corporation is expected to invest a total of USD 1,033 million as per its five years Strategic Plan from July, 2022 to June, 2027. The capital investment expected to cover three major CAPEX categories; Fixed Access Network (Fiber To The X - FTTX); Radio Access network (4.5G/5G Wireless To the X - WTTX) and Transport Network (NICTBB & Submarine Infrastructure). The Corporation's investment is aiming to support digital economy by connecting 1,000,000 FTTX subscribers by June 2027 and remain as a top player in provision of Backhauling and Fixed Network Services in the country;

- vi. The Corporation will continue to invest in rural areas through Universal Communications Service Access Fund (UCSAF) projects which are subsidized by the Government in order to enable majority of people in the rural areas to access communication services. Furthermore, TTCL Corporation will continue to invest on its network infrastructures through internal generated funds and additional funds from external sources. This will enable the Corporation to overcome the costs related to roaming and co-location and therefore improve its financial performance.

TTCL Corporation aims principally to improve its fixed network and mobile network by expanding FTTX and 4G/4.5/5G networks in order to provide quality broadband/data services to its customers. Investment in FTTX network is also geared to replaced existing copper access network which is aged/vandalized and can no longer used to sustain the business. The focus will be given to those areas which have high market demand;

- vii. Currently, the sector of information and communication plays a critical role in the Tanzanian economy directly by contributing 9.3% of the GDP, indirectly by setting critical baseline infrastructures which are facilitators and enablers of other economic sector growth (NBS, 2021).

**Highlight of Telecom Operator’s Strengths**

Competitor	Strengths	Challenges
Vodacom	Market leader, large investment, National coverage, international brand through Vodafone, wide products base, very active in corporate market, Most profitable Operator, the only operator in DSE so far with 30.2% market share on mobile network.	Low fiber optic coverage, the foreign company managed by foreigners.
Tigo	Large investment, National coverage, international brand, wide products base, Acquired Zantel. Currently Tigo has 26.9% market share on mobile network.	Low fiber optic coverage
Airtel	Large investment, National coverage, Pan African Brand, 49% Government ownership. The market share of Airtel is 26.6%	Low fiber optic coverage
Halotel	Large investment, National coverage, international brand, wide fiber footprint nationally (fixed), Wide products base. Market share of 12.8 % on mobile network.	So far, no 4G Spectrum resources
TTCL	Strong in fixed network, large provider of capacity to other Operators. TTCL has market share of 97% on fixed Network and 3.4% on mobile network.	Low mobile coverage

Furthermore, The Corporation will continue to support its subsidiary (TTCL PESA Limited) in the implementation of its strategic and business plan by adding capital for investment and improving offered services.

**2.8.7 Resources mobilization**

Resource mobilization for the next 4 years depends on;

- i. 100% collection of internally generated revenue as per annual projections;



- ii. Re-capitalization funds from the Government in the form of Capital injection or concession loan to the tune of TZS 2.15 trillion; and
- iii. Using the available credit line facility in the form of bank guarantee from TIB Development Bank and NMB Bank.

During the year financial year 2022/23, the Corporation managed to generate the operating revenue of TZS 149,243 million which is equivalent to 68% as compared to budgeted operating revenue of TZS 218,087 million.

Also, during the financial year 2022/23, the Corporation obtained a total revenue of TZS 173,057 million out of budgeted total revenue of TZS 354,310 million, the achievement represents 49% of the targeted revenue. The targeted revenue was not reached because it was expected that some funds in the form of grants to facilitates some development projects was not received as budgeted. Another reason for not reaching the targeted was that, the Corporation was not in the position to organize term loan to facilitate the development expenditures.

#### **2.8.8 Principal risks, uncertainties and opportunities**

The Board of Directors accepts final responsibility for the risk management and internal control systems of the Corporation and its subsidiary. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Corporation's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Corporation's systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the period and is of the opinion that they met acceptable criteria. The Board carries out risk and internal control assessment through the Audit Committee.

The Board assesses the risks on regular basis and ensure that potential risks are clearly identified and managed at all levels within the Corporation. The risks are assessed from the level of strategy setting to the day-to-day operational activities of the Corporation.

Potential risks that may affect attainment of long-term plan objectives include among others the following categories:

- i. Political Risks: Changes in Country's Policies and Regulations. This assumes both domestic and international conditions within the prevailing political, economic and social spheres that support business operations;
- ii. Financial Risks- this is based on foreign exchange fluctuation because the Corporation if always importing telecom equipment's from abroad. Another area with risk in financial is the Liquidity risks due to untimely collection of debts from generated revenue. Further, there is also a risk of over/under payment of tax obligation leading into tax disputes.
- iii. Operational Risks - which consists of the number of issues such as: Inability to recover services after disaster occurrence; Change in Technology; Revenue Leakage, Fraud; Infrastructure Losses/Vandalism; Safety & Security, Customer churning & Employee Resistance to Change; and
- iv. Strategic Risks - which consists of issues such as: Increased Competition in Telecom Services; Failure to Implement Plan and Achieve Goals.

Furthermore, the Corporation has a number of opportunities such as;

- i. Availability of skilled human resources from the labour market
- ii. Low broadband penetration;
- iii. Cross border trade with landlocked countries;
- iv. Growing Demand of large bandwidth applications;
- v. Potential for fixed broadband growth;
- vi. NICTBB to improve Quality of Service and Resell capacity; and
- vii. Credit worthiness/Goodwill from financial institutions.

### 2.8.9 Key performance indicators (KPIs)

Below are the KPIs to which the new developments, operations, performance and financial position of the business of the entity can be measured effectively. They are quantified measurements that reflect the critical success factors of the Corporation and disclose progress towards achieving a particular objective(s).

Key Performance Indicator Matrix

Objective	Key Performance Indicators (KPIs)	Achievement
Expanded commercial undertaking	Number of active households and buildings connected with Broadband	Good
	Number of new lessees to the colocation facilities	Average
	Percentage of capacity utilization (backhauling/IPT) at border POP	Good
	Number of TTCL subsidiaries in land locked countries	No Achievement
	Number of new active fiber connections to government institutions, private institutions & corporates	Very Good
	Number of active public access points providing services to the general public	Good
	Percentage of mobile Market share	Low Market Share
	Percentage of fixed market Share	High Market Share
	Customer Churn rate	Average
	Average Mobile Subscriber Acquisition cost	Average
	Average revenue per user	Good
Improved public access to communication services	Number of fiber-connected to buildings and sites	Very Good
	Percentage of network availability	Good
	Population covered	Good
	Number of 4G/4.5G/5G sites deployed	Good
	Capacity utilization	Very Good
Improved financial management	Return on Capital Employed	Average
	Net profit margin	Not Good
	Current ratio	Average
	Age of Accounts Receivable	Average
	Age of Accounts Payable	Average
	Amount of Fund mobilized for investment (USD)	Not Good
	Network operating cost	Average
	Revenue growth rate	Average
	Total debt to Total Asset	Average
	Financial Pay-outs	Average y
Retained collection	Average	
Improved customer Management	Cost recovery ratio	Good
	Average Abandonment Rate (Callers who hang up before reaching an agent)	Good
	Average response time in serving customers	Very Good
	Customer effort score	Good
Improved internal process	Percentage of customer complaints resolved on-time	Good
	Number of internal processes, guidelines, manuals, circulars and policies reviewed and automated.	Very Good
	Percentage of Risks identified with valid mitigation	Very Good
	Employee Productivity rate	Good
	Number of employees participating in training & average training hours for employee	Good
	Rate of Employees with Performance Assessment scores 3 to 1	Good
	Percentage of Employee retention rate	Good
	Grievance resolved	Very Good
	Diversity index promoted gender	Very Good
	Disability	Average
	Perception of staff on the quality of HIV&AIDS and NCDs programs	Low
	Number of new reported HIV&AIDS incidences	Low
	Percentage staff LHIV provided with care and support	Low
	Number of employees with NCDs	Low
Corruption incidences Rate	Low	
Number of vandalism incidences	Low	

Objective	Key Performance Indicators (KPIs)	Achievement
	Fraud cases rate	Low
	Corruption likelihood rate as per PPRA	Low
	Value for money rate as per PPRA	Very Good
	International tendering Cycle time rate	Good
	Local tendering Cycle time rate	Good
	Internal Audit opinion	Good
	Internal Audit findings resolved by the deadline	Very Good
	Number of non-compliance incidents	Low
	Percentage of cases solved successfully	Very Good

## 2.9 Performance for the period

Generally, Group Performance indicates that; the Corporation has made a Loss after tax of TZS 1,232 million during the period ended 30 June 2023 as compared to a loss of TZS 19,170 million for the year ended 30 June 2022. The main reason for improved performance is due to increase in other income by TZS 7,997 million and finance income by TZS 484 million while there is a decrease in cost elements such as costs of sales by TZS 12,210 million and Network operational costs by 6,213 million as a result of cost containment strategy used by the Management in the financial year 2022/23.

### *Results for the period*

The results of the Corporation are set out in the statement of profit or loss and other comprehensive income and major variances in the operating results compared to prior year are as summarized below:

#### 2.9.1 Operating revenue

The Group operating revenue during the period ended 30 June 2023 amounted to TZS 149,243 million compared to TZS 159,587 million in the prior year ended 30 June 2022, representing decrease of TZS 10,344 million which is equivalent to the decrease of 6%. The main reasons for the decrease in operating revenue is the decrease in mobile revenue by TZS 10,917 million.

#### 2.9.2 Cost of sales

The Group cost of sales during the period of 2022/23 is TZS 74,736 million as compared to TZS 86,946 million for the prior year of 2021/22, this represents a decrease of TZS 12,210 million equivalent to 14%. The decrease in cost of sales was mainly contributed by decrease in discounts and commission to dealers by 1,193 million due to the decision of Management to reduce commission rates to 6%, reduction of leased line costs by TZS 2,140 million. Also, National roaming has decreased by TZS 4,241 million due to implementation of new roaming rates, and finally inter-connection costs has decreased by TZS 4,857 million due to low interconnection traffics recorded in the financial year 2022/23.

#### 2.9.3 Gross profit

Gross profit margin (Group operating revenue less cost of sales) has increased from TZS 72,641 million in the financial year 2021/22 to TZS 74,507 million in the financial year 2022/23 which is the increase of TZS 1,866 million equivalent to 3%. This is mainly resulted from decrease in costs of sales by 14%.

#### **2.9.4 Other income**

Other income includes rental income; gains from changes in assets retirement obligations estimates, net foreign exchange gain - unrealized and miscellaneous income. Other income has increased by TZS 7,997 million which represents 51% from TZS 15,817 million in the year 2021/22 to TZS 23,814 million in the year 2022/23. The increase was mainly attributed by decrease in provision for impairment of PPE during the year by TZS 10,330 million.

#### **2.9.5 Total operating expenses**

Total operating costs includes sales and marketing expenses, network operational costs, and general and administrative expenses. During the period, total operating expenses has increased by TZS 292 million, the current total operating costs is TZS 101,373 million in the financial year 2022/23 as compared to TZS 101,081 million in the prior year of 2021/22 which representing an increase of 0.3%.

#### **2.9.6 Finance income**

This includes interest received from fixed deposits. During the financial year 2022/23, finance income amounted to TZS 1,011 million was received as compared to TZS 527 million received in the financial year 2021/22. This represents an increase of 92% in the current year as compared to previous year. The reason being an increase in interest income earned on matured fixed deposits.

#### **2.9.7 Finance costs**

During the year financial year 2022/23, finance costs incurred amounted to TZS 391 million as compared to the cost of TZS 307 million in the financial year 2021/22, This represents an increase of TZS 84 million which is equivalent to an increase of 27%. The increase was mainly caused by recognition of estimate cost for assets retirement obligation on telecom equipments and interest charged on bank guarantee for the financial year 2022/23.

#### **2.9.8 Profit / Loss after Tax**

During the financial year ended 30 June 2023, TTCL Corporation had made a Loss after Tax of TZS 1,232 million as compared to the loss of TZS of 19,170 million in the financial year ended 30 June 2022. This performance is mainly caused by reduction of cost of sales by 14% and increase in other income by 51%.

#### **2.9.9 Key Performance Ratios**

The key performance ratios of the Corporation are indicated below:

No.	Particulars	2022/23	2021/22
1.	Gross margin	50%	46%
2.	Earnings before interest, tax, depreciation and amortization (EBITDA)	14%	5%
3.	Earnings before interest and tax (EBIT)	-2%	-8%
4.	Profit after tax (PAT) margin	-1%	-12%

### 2.9.10 Financial position

Generally, the Group's financial position is presented in the Statement of Financial Position. The total assets of the Group increased by TZS 21,570 million during the period from TZS 569,576 million as at 30 June, 2022 to TZS 591,146 million as at 30 June 2023. Property, plant and equipment has increased by TZS 15,824 million, Trade and other receivables by TZS 11,398 million, Intangible assets by TZS 4,264 million, Government trade receivables by 15,136 million and inventories by TZS 1,828 million. The increase was mainly caused by development of new projects and invoices raised on Management of NICTBB during the financial year 2022/23.

### 2.9.11 Cash and bank balances

Cash and bank balances have decreased from TZS 44,129 million in the financial year 2021/22 to TZS 23,623 million in the financial year 2022/23. This is a decrease of TZS 20,506 million which is equivalent to decrease of 46% as compared to prior year. The main decrease was attributed by implementations of different telecommunications projects such as FTTH projects, Public WIFI projects, UCSAF projects etc.

### 2.9.12 Investment property

This includes two investment properties located at Plot number 717/6, Mikocheni Area and Plot number 721, Block II, Simu Street. The value is based on the open market valuation done on 30 June 2023 by an independent valuer, Trace Associate Limited. The valuation of investment property has resulted into an increase by TZS 258 million from TZS 21,687 million to TZS 21,945 million.

### 2.9.13 Income tax recoverable

TTCL Corporation does not accrue any amount of tax in respect to Alternative Minimum Tax i.e., 0.5% of revenue.

### 2.9.14 Trade and other receivables

Trade and other receivables have increased by TZS 11,398 million which is 21% increase as compared to prior year. Trade and other receivables have increased from TZS 54,729 million in the financial year 2021/22 to TZS 66,128 million in the financial year 2022/23.

### 2.9.15 Government trade receivables

The Government trade receivables has increased by TZS 15,136 million which is an increase of 22% as compared to the prior year. The Government Trade receivables

has increased from TZS 68,332 million in the financial year 2021/22 to TZS 83,468 million in the current financial year of 2022/23.

#### **2.9.16 Property, plant and equipment**

Property, plant and equipment have increased by TZS 15,824 million which is 5% increase from the prior year. This asset category has increased from TZS 331,321 million in the year 2021/22 to TZS 347,145 million in the financial year 2022/23. The increase in PPE is resulted from the increase in Telecommunications assets by TZS 1,758 million, purchases of Motor vehicles by TZS 5,235 million and increase in Capital work-in-progress (WIP) by TZS 11,578 million.

#### **2.9.17 Inventories**

Inventories has increased by TZS 1,828 million (49%), this asset class is used in construction of various Telecommunications infrastructures, maintenance of other assets and saleable items. The asset category has increased from TZS 3,757 million in the financial year 2021/22 to TZS 5,585 million in the financial year 2022/23.

#### **2.9.18 Pre-paid indefeasible right of use (IRU)**

Pre-paid IRU decreased by TZS 7,785 million which is equivalent to the decrease of 32% as compared to the prior year. IRU has decreased from TZS 32,646 million in the financial year 2021/22 to TZS 24,861 million in the financial year 2022/23. The decrease is due to recognition of expenses in the P&L from Balance Sheet through amortization of IRU during the year.

#### **2.9.19 Accumulated losses**

Accumulated loss has increased from TZS 340,231 million 2021/22 to TZS 341,463 million 2022/23. This is mainly caused by the loss of TZS 1,232 million reported by TTCL Corporation in the financial year 2022/23.

#### **2.9.20 Trade and other payables**

Trade and other payables have increased by TZS 36,515 million which is 13% increase from the prior year. Trade and other payables have increased from TZS 283,395 million (2021/22) to 319,910 million (2022/23). Major areas associated with the increase in Trade and Other payables are NICTBB payables TZS 10,926 million, Value Added Tax (VAT) TZS 3,172 million, Tax assessment Liability TZS 3,926 million, Regulatory costs by TZS 1,103 million, Related party payables by TZS 10,978 million and other trade payables TZS 1,642 million.

#### **2.9.21 Deferred revenue**

Deferred revenue has decreased by TZS 10,293 million which is 22% decrease from the prior year. The decrease is from TZS 47,791 million in the financial year 2021/22 to TZS 37,498 million in the financial year 2022/23. The reason for the decrease is due to recognition of revenue through amortization of deferred income

during the financial year related to IRU long term contracts between TTCL and other operators.

## 2.10 Appointment of auditor

The Controller and Auditor-General (CAG) is the statutory auditor for the Group and Corporation financial statements pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977, Public Corporation Act of 1992 as revised in 2010 and Sections 30 - 33 of the Public Audit Act, Cap. 418. The National Audit Office of Tanzania has been audited the book of accounts of Tanzania Telecommunications Corporation and its subsidiary for the year ended 30 June 2023.

## 2.11 Political and charitable donations (corporate social responsibility)

The Corporation participates actively in community activities and development programs throughout the country. Areas being given priority by the Corporation are health, environment conservation, education, orphanage centres and sports. The Corporation did not contribute any donations to any political party during the financial year ended 30 June 2023. During the financial year 2022/23, TTCL Corporation spent TZS 241 million for Corporate Social Responsibility while TZS 67 million was spent in the financial year 2021/22.

## 2.12 Employee's welfare

### 2.12.1 Relationship between management and employees

There were continued good relations between employees and management during the period. There were no unresolved complaints received by management from the employees during the period. A healthy relationship continues to exist between management and the trade unions. There is no industrial unrest reported apart from disciplinary cases to employees engaged in unethical behaviour.

The Corporation is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

During the financial year ended 30 June 2023, the Corporation recruited 26 new employees, received 2 staff who are transferred from other entities and 3 seconded staff from other organization which made a total of 31 new staff in order to fill the vacant positions which resulted from retirement, death, and termination.

Also, during the same financial year, 99 employees were ceased to be employees of the Corporation due to various reasons such as death, resignation, termination, dismissal, transfer and retirement.

### 2.12.2 Training facilities



During the financial year 2022/23, the Corporation spent TZS 123 million as compared to TZS 154 million in the 2021/22 on staff training to improve employees' technical skills and performance. Training programs have been developed to ensure employees are adequately trained at different levels, and all employees have a specific annual training program to upgrade their skills and enhance development.

### **2.12.3 Medical assistance**

The Corporation contribute 3% of employee's salary to the NHIF as medical expenses for each employee and his/her immediate family members while another 3% of employees' salary is contributed by employees themselves on monthly basis as per NHIF Act, 1999 and public service guidelines as issued from time to time by relevant authority. In addition to that the Corporation covers all medical costs which are not part of the NHIF program so that to ensure its employees obtain all health services as recommended by health professionals.

The Corporation has continued to provide awareness programmes on HIV/AIDS issues in order to reduce transmission of the disease among its employees. Also, the awareness programmes were conducted to employees about non-communicable diseases, the Corporation insists its employees to change their lifestyle, doing regular physical exercises so that to avoid the risk of obtaining various non-communicable diseases.

### **2.12.4 Health and safety**

The Corporation is committed to ensure health and safety and it ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

### **2.12.5 Financial assistance to staff**

The Corporation has arrangements with local financial institutions whereby qualifying staff borrow according to the terms and conditions of such institutions. The Corporation ensures that the amount borrowed by employees is recovered through both monthly deductions and remittance of dues to the financial institutions or channelling of staff salaries to respective financial institutions. The Corporation ensures that the financial assistance which is provided to eligible employees by financial institutions does not affect 1/3 of monthly salary of specific employee. During the financial year 2022/23, the Corporation introduced a salary advance loan to its employees whereby an employee is required to take a maximum of two months' salary to be payable within a year.

### **2.12.6 Persons with disabilities**

Through Public Service Recruitment Secretariat, applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every

effort is made to ensure that their employment with the Corporation continues and appropriate training is arranged. It is the policy of the Corporation that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Also, the Corporation contribute 0.5% of the gross salary of all employees based in Tanzania Mainland to the Workers Compensation Fund. The fund compensates employees when they get injured or death during normal working environment. In addition to that the Corporation provides financial support of TZS 100,000 per month to cover meals for peoples who are voluntary declared to live with HIV/AIDS.

#### **2.12.7 Union membership**

Currently, there are four (4) registered Trade Unions in TTCL. They are:

1. Communication and Transport Workers Union of Tanzania - COTWU (T);
2. Telecommunication Services Workers Union of Tanzania - TEWUTA;
3. Telecommunication Services Workers Union of Zanzibar - TEWUTA/Z; and
4. Communication and Transport Workers Union of Zanzibar - COTWU (ZNZ).

However, the Corporation according to the laws recognizes one trade union that represents the majority employees as exclusive bargaining agent. The Communication and Transport Workers Union of Tanzania - COTWU (T) which is a leading union with the majority of members in TTCL. As at 30 June 2023, a total of 791 employees (65% of employees) were union members of which 530 were members of COTWU and 261 were members of TEWUTA. Managers are not represented in the collective bargaining process.

#### **2.12.8 Employees benefit plan.**

The Corporation pays contributions to publicly administered pension plans on mandatory basis which qualify to be defined contribution plans.

All employees of TTCL Corporation are members of Public Service Social Security Funds (PSSSF) except one employee who is a member of Zanzibar Social Security Funds (ZSSF). The Corporation contributes 15% monthly salary of each employee to PSSSF while employee is required to contribute 5% of his/her monthly salary. Also, the Corporation contributes 13% monthly salary for employee who is contributing to ZSSF while an employee contributes 7% of his monthly salary.

The Corporation also operates an unfunded non-contributory employee gratuity arrangement (the "Arrangement"), which provides a benefit equal to nine months' salary plus passage allowance for employees with 10 or more years' service on their retirement at the age of 60 years. As the Arrangement is unfunded, benefits are paid out of the Corporation's cash reserves.

**2.12.9 Gender parity**

In the year 2022/23, the Corporation had a total of 1,213 full-time employees while in the year 2021/22 employees were 1,281. During the year 2022/23, 79 employees were on contract for specified periods mainly Managerial positions and seconded staff. Employees in management positions represented 3.9% of the total employees at period-end, 43% were in officer cadre and 53.1% in lower operational roles and support positions.

As at 30 June 2023, the Corporation had the following distribution of employees by gender.

Gender	2022/23	2021/22
Male	740	772
Female	473	509
<b>Total</b>	<b>1,213</b>	<b>1,281</b>

**2.13 Solvency and going concern**

The Corporation's financial position is presented in the Statement of Financial Position and the same shows that the Corporation has resources needed to continue operating indefinitely.

The Corporation has strength in the following areas; Strong in fixed network and the sole provider of capacity to other Operators; Country wide distribution of network; Availability of cross boarder POSs, Cutting edge fiber optics technology and Strong Government support. The highlighted areas signify the going concern.

The Board has prepared its financial statements in accordance with the appropriate financial reporting standards on the going concern basis. The Board expects that the Corporation will continue to operate in the foreseeable future.

The Board assessed the going concern of the Corporation and realized that there is no any indicator of insolvency, bankrupts or any other issue which may hinder TTCL Corporation to fulfil its obligation in the future.

**2.14 Related party transactions**

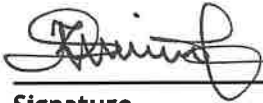
The related party transactions and balances are disclosed in Note 36 to the financial statements 2022/23.

**2.15 Environmental control programme**

The Corporation establishes its infrastructure to support its network in different locations throughout the country. Therefore, environmentally friendly technology is a vital criterion when procuring electronic and no-electronic equipment as well as complying with the statutory Environmental Impact Assessment requirements

BY ORDER OF THE BOARD

Approved by the Board of Directors on \_\_\_\_\_ and signed  
on its behalf by:

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

ZUHURA SINARE MURO  
Board Chairperson's Name

PETER R ULANZA  
Director General's Name

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2023

The Public Corporation Act, 1992 of Tanzania requires the directors to prepare financial statements for each financial period that present fairly the state of financial affairs of the Corporation as at the end of the financial period and of its profit or loss. It also requires the directors to ensure that the Corporation keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Corporation. They are also responsible for safeguarding the assets of the Corporation. The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement. To enable the directors to meet these responsibilities they set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

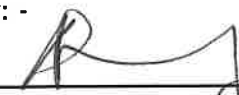
These controls are monitored throughout the Corporation and all employees are required to maintain the highest ethical standards in ensuring the Corporation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Corporation is on identifying, assessing, managing, and monitoring the known risks across the Corporation. While operating risk cannot be fully eliminated, the Corporation endeavors to minimize it by ensuring the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Accordingly, the directors do not expect an alternative basis of preparation to be materially different from IFRS, and therefore the financial statements have been prepared in accordance with IFRS.

The financial statements were authorized for issue by the Board of Directors on \_\_\_\_\_ 2024 and signed on its behalf by: -

  
 \_\_\_\_\_  
 Director's Signature  
**ZUHURA SINARE MURD**  
 Director's Name

  
 \_\_\_\_\_  
 Director's Signature  
**PETER R. MWANZA**  
 Director's Name


**4.0 DECLARATION BY THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023**

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Accountants and Auditors (Registration)(Amendment) Act No.7 of 2021, requires financial statements to be accompanied with the statement of declaration issued by the Head of Finance responsible for the preparation of the 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 the financial statement of the Corporation showing true and fair view position of the Corporation in accordance with International Financial Reporting Standards and the requirements of the Public Corporation Act, 1992 of Tanzania. Full legal responsibility for the financial statements' rests with the Board of Directors as indicated under the Statement of Directors' Responsibilities on the previous page.

I Kezia Nyakimwe Katamboi being the Head of Finance of Tanzania Telecommunications Corporation hereby acknowledge my responsibility of ensuring that the financial statements for the period ended 30 June 2023, have been prepared in compliance with International Financial Reporting Standards and in compliance with the requirements of the Public Corporation Act, 1992 of Tanzania.

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

Signed by: Kezia Nyakimwe Katamboi 

Director of Finance

NBAA Membership No: ACPA 2181

Date: 23<sup>rd</sup> Feb, 2024

5.0 FINANCIAL STATEMENT

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

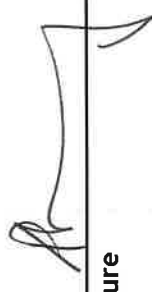
	Note	30 June 2023	Consolidated 30 June 2022 Restated	1 July 2021 Restated	30 June 2023	30 June 2022	1 July 2021 Restated	Separate 30 June 2022 Restated	1 July 2021 Restated
		TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil
<b>ASSETS</b>									
Non-current assets									
Property and equipment	19	347,145	331,321	348,466	347,136	331,313	348,454		
Intangible assets	20	9,385	5,121	792	9,385	5,121	792		
Investment property	21	21,945	21,687	23,995	21,945	21,687	23,995		
Indefeasible right of use: Non-current portion	23	20,875	25,078	19,945	20,875	25,079	19,945		
Investment in TTCL Pesa	41	-	-	-	4,384	3,867	3,301		
		<b>399,350</b>	<b>383,207</b>	<b>393,198</b>	<b>403,725</b>	<b>387,067</b>	<b>396,487</b>		
<b>Current assets</b>									
Inventories	24	5,585	3,757	4,906	5,585	3,757	4,906		
Income tax recoverable	25	2,865	3,675	1,972	2,873	3,678	1,972		
Deferred Tax Asset	18	1,752	-	-	1,752	-	-		
Government trade receivables	26	83,468	68,332	77,642	83,468	68,342	77,662		
Trade and other receivables	27	66,128	54,729	25,955	64,648	53,599	24,745		
Prepayments and deposits	28	4,389	4,179	1,044	4,389	4,179	1,044		
Indefeasible right of use: Current portion	23	3,986	7,568	6,019	3,986	7,568	6,019		
Cash and bank balances	29	23,623	44,129	17,289	22,722	42,993	17,105		
		<b>191,796</b>	<b>186,369</b>	<b>134,827</b>	<b>189,423</b>	<b>184,116</b>	<b>133,453</b>		
<b>TOTAL ASSETS</b>		<b>591,146</b>	<b>569,576</b>	<b>528,025</b>	<b>593,148</b>	<b>571,183</b>	<b>529,940</b>		
<b>EQUITY AND LIABILITIES</b>									
Equity									
Share capital	30	370,465	370,465	370,465	370,465	370,465	370,465		
Share discount	31	(48,619)	(48,619)	(48,619)	(48,619)	(48,619)	(48,619)		
Retirement benefits reserve	33	2,230	2,703	2,738	2,230	2,703	2,738		
Revaluation reserve		199,338	199,338	193,312	199,338	199,338	193,312		
Accumulated losses		(341,463)	(340,231)	(321,061)	(339,442)	(338,548)	(319,320)		
		<b>181,951</b>	<b>183,656</b>	<b>196,835</b>	<b>183,972</b>	<b>185,339</b>	<b>198,576</b>		
Non-current liabilities									
Deferred revenue: Non-current portion	32	32,473	41,387	33,939	32,473	41,387	33,939		
Retirement benefits obligation	33	6,792	6,632	6,782	6,792	6,632	6,782		

TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

Provisions - Assets Retirement Obligation	35	1,237	1,063	5,064	1,237	1,063	5,064
		40,502	49,082	45,785	40,502	49,082	45,785
<b>Current liabilities</b>							
Deferred revenue: Current portion	32	5,025	6,404	5,251	5,025	6,404	5,251
Trade and other payables	34	319,911	283,395	243,345	319,892	283,320	243,518
Deferred Tax Liability	18	3,619	3,619	-	3,619	3,619	-
Provisions - Legal claims	35	485	3,975	4,744	485	3,974	4,745
Grants	42	39,653	39,445	32,065	39,653	39,445	32,065
		368,693	336,838	285,405	368,674	336,762	285,579
Total liabilities		409,195	385,920	331,190	409,176	385,844	331,364
<b>TOTAL EQUITY AND LIABILITIES</b>		591,146	569,576	528,025	593,148	571,183	529,940

  
 Signature

ZUHURA SINARE MURO  
 Board Chairperson's Name

  
 Signature

PETER R ULAIZHA  
 Director General's Name



CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated		Separate	
		2023	2022 Restated	2023	2022 Restated
		TZS" mil	TZS" mil	TZS" mil	TZS" mil
Revenue	9	149,243	159,587	148,580	158,980
Cost of sales	10	(74,736)	(86,946)	(74,746)	(87,322)
<b>Gross profit</b>		<b>74,507</b>	<b>72,641</b>	<b>73,834</b>	<b>71,658</b>
Other income	11	23,814	15,817	23,830	15,782
<b>Net operating revenue</b>		<b>98,321</b>	<b>88,458</b>	<b>97,664</b>	<b>87,440</b>
<b>Operating expenses</b>					
Sales and marketing expenses	12	(14,577)	(11,084)	(14,237)	(11,743)
Network operational costs	13	(42,489)	(48,702)	(42,307)	(48,525)
General and administrative expenses	14	(44,307)	(41,295)	(43,839)	(39,857)
		<b>(101,373)</b>	<b>(101,081)</b>	<b>(100,383)</b>	<b>(100,125)</b>
<b>Operating profit/(loss)</b>		<b>(3,052)</b>	<b>(12,623)</b>	<b>(2,719)</b>	<b>(12,685)</b>
Finance income	16(a)	1,011	527	1,011	527
Finance costs	16(b)	(391)	(307)	(391)	(307)
Gain / (loss) on revaluation of investment properties	21	258	(2,308)	258	(2,308)
		<b>878</b>	<b>(2,088)</b>	<b>878</b>	<b>(2,088)</b>
<b>Profit/(loss) before income tax</b>		<b>(2,174)</b>	<b>(14,711)</b>	<b>(1,841)</b>	<b>(14,773)</b>
Income tax credit /(charge)	17(a)	942	(4,459)	947	(4,456)
<b>Profit/(loss) for the year</b>		<b>(1,232)</b>	<b>(19,170)</b>	<b>(894)</b>	<b>(19,229)</b>
<b>Other comprehensive income (OCI)</b>					
OCI not to be reclassified to profit or loss in subsequent periods					
Re-measurement (loss)/gain on defined benefits plan	33	(473)	(35)	(473)	(35)

Net OCI not to be reclassified to profit  
or loss in subsequent periods

(473)

(35)

(473)

(35)

Total comprehensive profit / (loss) for  
the year, net of taxes

(1,705)

(19,205)

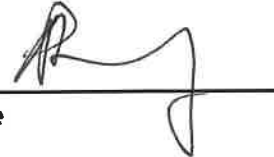
(1,367)

(19,264)



Signature

ZUHURA SINARE MURO  
Board Chairperson's Name



Signature

PETER R ULANDA  
Director General's Name

**CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023**

Consolidated	Share capital TZS" mil	Share discount TZS" mil	Revaluat ion TZS" mil	Retirement benefits reserve TZS" mil	Accumulated losses TZS" mil	Total equity TZS" mil
<b>At 1 July 2022</b>						
Restated Amount	370,465	(48,619)	199,338	2,703	(340,231)	183,656
<b>Total after prior year adjustments</b>	<b>370,465</b>	<b>(48,619)</b>	<b>199,338</b>	<b>2,703</b>	<b>(340,231)</b>	<b>183,656</b>
Profit/(Loss) for the year	-	-	-	-	(1,232)	(1,232)
Other comprehensive income for the year, net of taxes	-	-	-	(473)	-	(473)
	-	-	-	(473)	(1,232)	(1,705)
<b>At 30 June 2023</b>	<b>370,465</b>	<b>(48,619)</b>	<b>199,338</b>	<b>2,230</b>	<b>(341,463)</b>	<b>181,951</b>
<b>At 1 July 2021</b>						
As previously stated	370,465	(48,619)	193,312	2,738	(282,430)	235,466
Prior year adjustment /Restatement	-	-	-	-	(38,631)	(38,631)
<b>Total after prior year adjustments</b>	<b>370,465</b>	<b>(48,619)</b>	<b>193,312</b>	<b>2,738</b>	<b>(321,061)</b>	<b>196,835</b>
Profit/(Loss) for the year	-	-	-	-	(19,170)	(19,170)
Fixed assets valuation	-	-	6,026	-	-	6,026
Other comprehensive income for the year, net of taxes	-	-	-	(35)	-	(35)
	-	-	6,026	(35)	(19,170)	(13,179)
<b>At 30 June 2022</b>	<b>370,465</b>	<b>(48,619)</b>	<b>199,338</b>	<b>2,703</b>	<b>(340,231)</b>	<b>183,656</b>

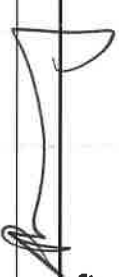
TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

Separate	Share capital TZS" mil	Share discount TZS" mil	Revaluation TZS" mil	Retirement benefits reserve TZS" mil	Accumulated losses TZS" mil	Total equity TZS" mil
<b>At 1 July 2022</b>						
Restated Amount	370,465	(48,619)	199,338	2,703	(338,548)	185,339
<b>Total after prior year adjustments</b>	<b>370,465</b>	<b>(48,619)</b>	<b>199,338</b>	<b>2,703</b>	<b>(338,548)</b>	<b>185,339</b>
Profit / (Loss) for the year	-	-	-	-	(894)	(894)
Other comprehensive income for the year, net of taxes	-	-	-	(473)	-	(473)
	<b>0</b>	<b>-</b>	<b>-</b>	<b>(473)</b>	<b>(894)</b>	<b>(1,367)</b>
<b>At 30 June 2023</b>	<b>370,465</b>	<b>(48,619)</b>	<b>199,338</b>	<b>2,230</b>	<b>(339,442)</b>	<b>183,972</b>
<b>At 1 July 2021</b>						
As previously stated,	370,465	(48,619)	193,312	2,738	(280,654)	237,242
Prior year adjustment / Restatement	-	-	-	-	(38,665)	-
<b>Total after prior year adjustments</b>	<b>370,465</b>	<b>(48,619)</b>	<b>193,312</b>	<b>2,738</b>	<b>(319,320)</b>	<b>198,576</b>
Profit / (Loss) for the year	-	-	-	-	(19,229)	(19,229)
Fixed assets valuation	-	-	6,026	-	-	6,026
Other comprehensive income for the year, net of taxes	-	-	-	(35)	-	(35)
	<b>-</b>	<b>-</b>	<b>6,026</b>	<b>(35)</b>	<b>(19,229)</b>	<b>(13,238)</b>
<b>At 30 June 2022</b>	<b>370,465</b>	<b>(48,619)</b>	<b>199,338</b>	<b>2,703</b>	<b>(338,548)</b>	<b>185,339</b>

TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

  
Signature


ZUHURA SINARE MURO  
Board Chairperson's Name

  
Signature

EAS PEGER R ULANDA  
Director General's Name

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated		Separate	
		2023	2022	2023	2022
		TZS" mil	TZS" mil	TZS" mil	TZS" mil
<b>Operating activities</b>					
Receipts From Customers	46	115,782	154,834	115,485	154,115
Cash paid to suppliers	46	(43,313)	(46,052)	(43,261)	(46,679)
Cash paid to Operating Expenses	46	(29,252)	(36,216)	(28,658)	(35,666)
Cash Paid to employees	46	(33,485)	(29,696)	(33,085)	(29,288)
Interest received	46	1,011	527	1,011	527
Cash paid Other Expenses	46	(1,157)	(1,170)	(1,157)	(1,170)
Current income tax paid	46	-	(1,758)	-	(1,758)
<b>Net cash flows from operating activities</b>		<b>9,586</b>	<b>40,469</b>	<b>10,335</b>	<b>40,081</b>
<b>Finance activities</b>					
Grants received	42	4,554	18,215	4,554	18,215
<b>Net cash flows used in investing activities</b>		<b>4,554</b>	<b>18,215</b>	<b>4,554</b>	<b>18,215</b>
<b>Investing activities</b>					
Purchase of property and equipment	19	(29,853)	(17,906)	(29,850)	(17,904)
Decrease/(increase) in prepaid indefeasible right of use	23	(446)	(13,790)	(446)	(13,790)
Purchase of Intangible assets	20	(4,460)	(157)	(4,460)	(157)
Investment in TTCL PESA	41	-	-	(517)	(566)
Proceed from sale of property, plant and equipment	11	73	-	73	-
<b>Net cash flows used in investing activities</b>		<b>(34,686)</b>	<b>(31,853)</b>	<b>(35,200)</b>	<b>(32,417)</b>
Net increase in cash and cash equivalents		(20,546)	26,831	(20,311)	25,879
Unrealized foreign exchange differences	11	40	9	40	9
Cash and cash equivalents at 1 July		44,129	17,289	42,993	17,105
<b>Cash and cash equivalents at 30 June</b>	29	<b>23,623</b>	<b>44,129</b>	<b>22,722</b>	<b>42,993</b>

  
Signature

**ZUHURA SINARE MVURO**  
Board Chairperson's Name

  
Signature

**PETER R. MLAMBA**  
Director General's Name

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023****1 CORPORATION INFORMATION AND GOING CONCERN****1.1 Corporation information**

TTCL Corporation was established by the Tanzania Telecommunications Corporation Act Number 12 of 2017 on 01 February 2018. It is Tanzania's only fixed and wireless access based full-service telecommunications service provider. Further information on the Corporation, including the principal activities of the Corporation, is included in the Directors' Report. The registered office of the Corporation is included under Corporation Information.

**1.2 Going concern**

Statement of Financial Position shows that the Corporation has resources needed to continue its business for the foreseeable future. The Corporation has strength in the following areas; Strong in fixed network and the sole provider of capacity to other Operators; Country wide distribution of network; Availability of cross boarder point of sales (POs), Cutting edge Fiber optics technology and Strong Government support.

The highlighted areas signify that, the Corporation will continue to operate in the future therefore there is no any indicator of insolvency, bankrupts or any other issue which may hinder TTCL to fulfil its obligation.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE****2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), The Public Finance Act of Revised, 2020. The Tanzanian Public Corporation Act, 1992, The Tanzania Telecommunications Corporations Act no. 12 of 2017, and Tanzania Financial Reporting Standards (TFRS) no.1- The Governance Report which came into operation 1 January 2021. Furthermore, the financials are prepared based on the historical basis (for all property, plant and equipment which are merely used for business operations). Further to that, there are two investment properties for lease which are initially recognized at cost and subsequently maintained at fair value based on annual valuation. In addition;

- All possible liabilities that might arise during the year have been accrued for.

Amounts in the financial statements are stated in Tanzanian Shillings (TZS), rounded to the nearest million (TZS mil), except when otherwise indicated. The significant accounting policies are consistent in all material respects with those applied in the previous period except where new and amended IFRS and interpretations have been adopted during the reporting period.

The consolidated annual financial statements incorporate the annual financial statements of the Corporation and its subsidiaries for the year ended 30 June 2023. The Corporation and its subsidiary (TTCL PESA Limited) have the same reporting period and apply the same accounting policies.

## 2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and interpretations to those standards, and in the manner required by Public Corporation Act, 1992 of Tanzania, accompanied with Tanzania Financial Reporting Standards (TFRS) no.1- The Governance Report.

## 3 CHANGES IN ACCOUNTING POLICIES

### 3.1 New and changes to standards and interpretations that are effective.

Changes resulting from the new or revised standards and interpretations, are narrated below such that one which are directly related to the industry/ corporation where take into consideration during preparation of financial statements and some which does not have impact on the accounting policies, financial position or performance of the Corporation are not mentioned in this paragraph.

- i. Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

Effective date is Annual periods beginning on or after 1 January 2023. Earlier application is permitted.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Revenue recognition

The Corporation provides the series of products and services such as: - Backhauling (Last mile, Metro, and National connectivity), Call Center Facilities, Cloud Services, Colocation and Leased Facilities. Also, the Corporation provides Data Hosting, Data Repository, Dedicated Fixed Broadband Internet/ Data Services, Digital Financial Services and Cyber Security Services. Furthermore, it provides E- Meeting and Video Conference Services, Mobile Voice Services, Fixed and Wireless Internet Broadband Services, ICT Grade Solutions, IP Transit Services, Subsea Data Capacity and Surveillance Services. All those services are provided under either post-paid arrangements and/or prepaid arrangements to Government and Private customers.

Revenue comprises of the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Corporation's activities.



Revenue is shown net of value added tax, returns and rebates and after eliminating sales within the Corporation.

Revenue is the function of the tariff charged and time spent by a customer. Tariffs are normally influenced by market forces on an arm's length basis. Revenue is recognized when there is evidence of an arrangement, collectability is probable, and the delivery of the product or service has occurred. In certain circumstances revenue is split into separately identifiable components and recognized when the related components are delivered in order to reflect the substance of the transaction. The value of components is determined using verifiable objective evidence. The consideration of each component is allocated on a relative fair value basis.

TTCL Corporation enters into agreement with customers to provide goods and/or services. Goods and/or services are provided to customers as fulfilment of performance obligation as per individual contract with those customers. Revenue is recognized when the respective obligations in the contract are delivered to the customer and payment remains probable.

The specific recognition criteria described below must also be met before revenue is recognized.

#### **4.1.1 Retail voice**

The Corporation provides telephone and data communication services under post-paid and pre-paid payment arrangements. Revenue includes fees for installation and activation, which are deferred over the expected customer relationship period. Costs incurred on first-time installations that form an integral part of the network are capitalized and depreciated over the expected average customer relationship period. All other installation and activation costs are expensed as incurred.

Post-paid and pre-paid service arrangements include subscription fees, typically monthly fees, which are recognized over the subscription period.

#### **4.1.2 Local calls revenue**

These are charges made on telephone calls (domestic calls) from the TTCL Corporation network within Tanzania. Charges are based on the number of minutes spent during calls. Charge per minute differs according to the network where the call is terminating either to TTCL Corporation phones or if the call is terminating to mobile phones. Revenue on local calls is recognized when the call is placed or the connection is provided.

#### **4.1.3 International calls revenue**

This is revenue generated through telephone calls made to outside Tanzania from the TTCL Corporation network. Charges are calculated basing on the number of minutes spent during calls. Revenue on international calls is recognized when the call is placed or the connection is provided. Charges per minute on international calls differ according to the zone to which the call is terminating.

#### 4.1.4 Post-paid revenue

Revenue related to local, long distance, network-to-network, roaming and international call connection services is recognized when the call is placed or the connection provided.

#### 4.1.5 Prepaid revenue (national, fixed-to-mobile and international)

Prepaid traffic service revenue collected in advance is deferred and recognized based on actual usage or upon expiration of the usage period, whichever comes first. The terms and conditions of certain prepaid products allow the carryover of unused minutes; revenue related to the carryover of unused minutes is deferred until usage or expiration.

#### 4.1.6 Revenue from international operators

These are charges made on the calls terminating to the TTCL Corporation network from other telecommunication operators outside Tanzania. Charges are based on the number of minutes spent during calls and the interconnection rate agreed between TTCL Corporation and the other operators. Revenue from other operators is accrued in the period when calls were made as per carrier switch records.

#### 4.1.7 Connection fees

These are charges made on demand for new telephone lines or other services provided by TTCL Corporation, such as internet, private wire, leased circuits and broad band. A customer pays the connection charges before provision of a service. The same is recognized immediately as other income when fund is received from the customer.

#### 4.1.8 Intelsat revenue

This is revenue generated from charges on Intelsat space segment/link provided to customers. Charges depend on capacity of the link leased. Revenue is recognized in the period during which the link was held by the user.

#### 4.1.9 Line rental

These are charges made by the holders of the TTCL Corporation telephone lines for leasing the line and therefore reducing the chance of allocating that line to other user. They are fixed predetermined rate per line payable per month of lease. Currently line rental is charged on post-paid lines/service only. No line rentals are charged on pre-paid lines/services. Revenue for line rental is recognized in the month of lease.

#### 4.1.10 Cellular interconnect revenue

These include domestic and international mobile interconnection traffic from mobile operators terminating on or through the TTCL Corporation network. Charges are based on the number of minutes spend during calls as recorded by the TTCL Corporation billing system. Interconnection revenue for call termination, call transit and network usage is recognized in the period in which the traffic occurs.

#### 4.1.11 Lease of lines and facilities

This is revenue from Leased Circuits (E1), and other managed facilities such as space on towers, and other telecommunication premises. The revenue is based on contracted rate per month depending on capacity or space leased and it is recognized on a monthly basis over the lease period based on the contract.

#### 4.1.12 Other telephone revenue

This includes maintenance charges, reconnection fees and other miscellaneous charges for additional product to telephone requested by customer, mainly password, teleconference and voice messages. Revenue related to sale of communication equipment, products and value-added services is recognized upon delivery and acceptance of the product or service.

#### 4.1.13 Post-paid contract and pre-paid products

Contract products are defined as arrangements with multiple deliverables. The arrangement's consideration is allocated to each deliverable, based on the fair value of each deliverable on a relative stand-alone selling price basis as a percentage of the aggregated fair value of individual deliverables.

- Revenue from the handset is recognized when the handset is delivered;
- Monthly service revenue received from the customer is recognized in the period in which the service is delivered;
- Airtime revenue is recognized on the usage basis commencing on activation date. Unused airtime is deferred in full and recognized in the month of usage or on termination of the contract by the subscriber;
- Revenue from the sale of pre-paid products is recognized when the product is delivered to the customer;
- Revenue from the sale of pre-paid airtime is deferred until such time as the customer uses the airtime, or the credit expires; and
- Free minutes are accounted for as a separate identifiable deliverable and revenue allocated to free minutes is deferred and recognized when the free minutes are used or expire.

#### 4.1.14 Data - internet revenue

The Corporation provides data communication services under post-paid and pre-paid payment arrangements. Revenue includes fees for installation and activation, which are deferred over the expected average customer relationship period. Costs incurred on first-time installations that form an integral part of the network are capitalized and depreciated over the life of the expected average customer relationship period. All other installation and activation costs are expensed as incurred. Post-paid and pre-paid service arrangements include subscription fees, typically monthly fees, which are recognized over the subscription period.

#### 4.1.15 Deferred revenue and expenses

Activation revenue and costs are deferred and recognized systematically over the expected duration of the customer relationship because it is considered to be part of the customers' ongoing rights to telecommunication services and the operator's continuing involvement. Any excess of the costs over revenues is expensed immediately.

#### 4.1.16 Indefeasible Right of Use (IRUs)

An IRU is a contractual agreement between the operator of a communication system, such as a submarine communications cable or a fibre optic network, and a customer. The purchase of an IRU gives the purchaser the right to use some capacity on a telecommunication cable system, including the right to lease that capacity to someone else, for the life of the cable or fibre network.

IRU involves long term contractual obligations of between 3 to 15 years to purchase or sale certain bandwidths. Revenue derived from these IRUs is recognized using the straight-line method over the contract period.

The Corporation initially recognize the contractual cost and subsequently amortize the cost over the life of the contract period which range from 3 to 15 years.

#### 4.1.17 Mobile money revenues

Mobile money revenue is obtained through subsidiary company in terms of fees and commission received from transfer funds; cash out, purchase of airtime, payment of utilities such as electricity, water, pay TV as well as Government bills and charges from interoperability.

#### 4.1.18 Other income

Other income is realized when the economic benefit flows to the Corporation and the earning process is complete.

#### 4.1.19 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

##### Corporation as a lessee

TTCL Corporation applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Corporation recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

The Corporation **recognizes right of use assets** at the commencement date of the lease when the underlying asset is available for use. Right of use of assets are measured at costs less any accumulated depreciation and impairment losses and adjusted for any re-measurement of leases liabilities.

The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

TTCL Corporation **recognizes lease liabilities** at the commencement date of the lease. The lease liability is measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

TTCL Corporation applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (those leases that have a lease term of 12 months or less from the commencement date and do not contain purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognized as expenses on a straight-line basis over the lease term.

##### Corporation as a lessor

Leases in which the Corporation does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

## **4.2 Payments**

### **4.2.1 Payments to international operators**

These are charges made on the calls originating from the TTCL Corporation network, terminating to or through other operators' networks outside Tanzania. Charges are based on the number of minutes spent during calls and the interconnection rate agreed between TTCL Corporation and that other operator. Costs to other operators are accrued in the period when calls were made as per carrier switch records. Reconciliation based on traffic and agreed tariff is thereafter carried out by the parties to identify the actual amounts for payments or settlements.

### **4.2.2 Cellular interconnect charges**

These include domestic and international mobile interconnection traffic originating from the TTCL Corporation network, terminating on or through other operators' mobile networks. Charges are based on the number of minutes spent during the calls as recorded by the TTCL Corporation billing system, and the interconnection rate agreed between the parties. Subsequently, reconciliation based on traffic and tariff records among these parties is carried out to determine actual payments. Costs are recognized in the period in which traffic was recorded.

### **4.2.3 Discounts/commission to dealers**

These are discounts and commissions allowed to Super Dealers who are engaged by TTCL Corporation to sell and distribute TTCL Corporation phone cards (PPA and PCC) to customers. Super Dealers buy these cards in bulk and sell them to retail distributors or directly to customers. TTCL Corporation allows a fixed commission (or discount) on the total value of cards bought by the dealer and recognizes this as a direct cost in the month of the transaction.

### **4.2.4 Ruim cards and scratch cards**

These are costs incurred to purchase the ruim cards and prepaid cards which are used as means of sales and distribution of air time for Prepaid Account (PPA) and Prepaid Calling cards (PCC). These are expensed when sold to customers.

### **4.2.5 Regulatory costs**

Regulatory charges are the costs incurred for the right to operate the telecommunications services, including use of the frequency spectrum, management services fee and other charges accrued in relation with the right to operate the telecommunications services in the relevant period. Regulatory costs are expensed in the year in which they are incurred.

#### 4.2.6 International fibre transmission costs

International fibre transmission costs are costs incurred by the Corporation to use bandwidth capacity on SEACOM and Eastern Africa Submarine Cable System (EASSy) fibre-optic cable systems. TTCL Corporation pays a contractual amount on a monthly basis for operations and maintenance of the fibre optic systems.

#### 4.3 Property, Plant and equipment

At initial recognition, acquired property and equipment is recognized at the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The recognized cost includes any directly attributable costs for preparing the asset for its intended use. The cost of an item of property and equipment is recognized as an asset if it is probable that the future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is charged from the date the asset is available for use on a straight-line basis over the estimated useful life and ceases at the earlier of the date that the asset is classified as held-for sale and the date the asset is derecognized. Idle assets continue to attract depreciation.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. The estimated useful lives applied are provided in the table below:

Asset category	Years	Rate
Buildings	25	4%
Network equipment; External plants	25	4%
Towers	15	7%
Power plant	10	10%
Radio transmission equipment	10	10%
Optical fibre transmission	25	4%
Switching equipment	10	10%
Testing and measuring equipment	10	10%
Other assets Furniture and office equipment	10	10%

Asset category	Years	Rate
Computer and electronic equipment	5	20%
Computer applications software	5	20%
Motor vehicles	5	20%
Intangible Assets		
Regulatory license	25	4%
Microsoft license	3	33%
EASSy Cable use rights	25	4%

The estimated useful life of individual assets and the depreciation method thereof are reviewed on an annual basis at the reporting date. The depreciable amount is determined after taking into account the residual value of the asset. The residual value is the estimated amount that the Corporation would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The residual values of assets are reviewed on an annual basis at reporting date.

Assets under construction represent buildings, operating software, network and support equipment and include all direct expenditure but exclude the costs of abnormal amounts of waste material, labour, or other resources incurred in the production of self-constructed assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

#### 4.4 Intangible assets

At initial recognition, acquired intangible assets are recognized at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

The useful lives of intangible assets are assessed as either finite or indefinite.

The recognized cost includes any directly attributable costs for preparing the asset for its intended use. Internally generated intangible assets are recognized at cost comprising all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management. Licenses, software, trademarks, copyrights and other intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization



commences when the intangible assets are available for their intended use and is recognized on a straight-line basis over the assets' expected useful lives. Amortization ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognized.

The residual value of intangible assets is the estimated amount that the Corporation would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Due to the nature of the assets the residual values are assumed to be zero unless there is a commitment by a third party to purchase the assets at the end of its useful life or when there is an active market that is likely to exist at the end of the asset's useful life, which can be used to estimate the residual values. The residual values of intangible assets, the amortization methods used and their useful lives are reviewed on an annual basis at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives, for example goodwill, and intangible assets not yet available for use (under construction), are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Assets under construction represent application and other non-integral software and include all direct expenditure as well as related borrowing costs capitalized, but excludes the costs of abnormal amounts of waste material, labour, or other resources incurred in the production of self-constructed assets.

Intangible assets are derecognized when they have been disposed of or when the asset is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of assets are recognized in profit or loss in the year in which they arise.

The expected useful lives applied to the intangible assets held by the Corporation are disclosed below

SN	Descriptions	Useful Life (Years)
1	Intangible Assets (1 Year)	1
2	Intangible Assets (3 Years)	3
3	Intangible Assets (25 Years)	25

#### 4.5 Licenses

Licenses are recognized at cost. The cost of licenses covering more than one year are capitalized and amortized on a straight-line basis over their estimated useful lives.

#### 4.6 Software costs

Costs of application software purchased from vendors are capitalized if they meet the capitalization criteria including productivity enhancement or a noticeable increase in the useful life of the asset. Computer operating system software are included as part of computer cost. Subsequent additions, modifications or upgrade of software programs, whether operating or application packages, are expensed as incurred. Software training and data-conversion costs are expensed as incurred.

#### 4.7 Investment property

Buildings, or part of a building held for long term rental yields and/or capital appreciation and are not occupied by the Corporation are classified as investment property under non-current assets. Recognition of investment property take place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Corporation and the cost can be reliably measured.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Corporation accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### 4.8 Current versus non-current classification

The Corporation presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

- i. Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realised within 12 months after the reporting period; and
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

**A liability is current when either: -**

- i. It is expected to be settled in the normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is due to be settled within 12 months after the reporting period; and
- iv. There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Corporation classifies all other liabilities as non-current. Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

#### 4.9 Asset retirement obligations

Asset retirement obligations related to property, plant and equipment are recognized at the present value of expected future cash flows when the obligation to dismantle or restore the site arises. The increase in the related asset's carrying value is depreciated over its estimated useful life. The unwinding of the discount is included in finance charges and fair value movements.

Changes in the measurement of an existing liability that result from changes in the estimated timing or amount of the outflow of resources required to settle the liability, or a change in the discount rate are accounted for as increases or decreases to the original cost of the recognized assets. If the amount deducted exceeds the carrying amount of the asset, the excess is recognized immediately in profit or loss.

#### 4.10 Impairment of property and equipment and intangible assets

The Corporation assesses at each reporting date, its non-financial assets and cash-generating units for any indication of impairment. When indicators, including changes in technology, market, economic, legal and operating environments, availability of funding or discontinuance of services occur, which could result in changes of the assets or cash-generating unit's estimated recoverable amount, an impairment test is performed.

Intangible assets that have an indefinite useful life, for example goodwill, are tested annually for impairment. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use, which is the

present value of projected cash flows covering the remaining useful lives of the asset. The discount rate used is the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized when the asset's carrying amount exceeds its estimated recoverable amount. Where applicable, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Previously recognized impairment losses, other than goodwill, are reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

#### **4.11 Repairs and maintenance**

The Corporation expenses all costs associated with day-to-day repairs and maintenance, unless it is probable that such costs would result in future economic benefits flowing to the Corporation, and the costs can be reliably measured.

#### **4.12 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.13 Financial instruments**

##### ***Initial Recognition and measurement***

All financial instruments are initially recognised at fair value. Financial instruments are recognised when the Corporation becomes a party to the contractual arrangements. All regular way transactions are accounted for settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

##### ***Subsequent measurement of financial assets***

Subsequent to initial recognition, the Corporation classifies financial assets as fair value through other comprehensive income, fair value through profit or loss and amortized cost.

***Subsequent measurement of financial liabilities***

After initial measurement, financial liabilities are classified as measured at amortized cost except for financial liabilities at fair value through profit or loss.

***De-recognition of financial instruments***

***Financial assets:*** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired; or
- The Corporation 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 Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

***Financial liabilities:*** A financial liability is derecognised when the obligation under the liability is discharged or 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 the de-recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in profit or loss.

**4.14 Offsetting**

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss and other comprehensive income unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Corporation.

**4.15 Impairment of financial assets**

Impairment of financial assets is done by using International Financial Reporting Standard (IFRS 9), Financial Instruments. IFRS 9 operates an expected credit loss model rather than an incurred credit loss model.

***Re-measurement of embedded derivatives***

The Corporation assesses whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when it first becomes party to the contract. The Corporation re-assesses the contract when there is a change in the terms of the contract which significantly modifies the cash flows that would otherwise be required under the contract.

#### 4.16 Cash and cash equivalents

This comprises cash on hand, deposits held on call and term deposits with an initial maturity of less than three months when entered into.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents defined above.

#### 4.17 Inventories

Installation materials, maintenance and network equipment inventories are stated at the lower of cost, based on a weighted average, and estimated net realizable value. Merchandise inventories are stated at the lower of cost, determined on a first-in first-out basis, and estimated net realisable value. Net realisable value is the price at which engineering stocks and merchandise stocks can be realised in the open market or normal course of business, respectively after allowing for the incidental costs. Inventory items held by contractors responsible for upgrading and expanding the network are recorded within capital work-in-progress. Provision for obsolete inventories is calculated based on the product life cycle, technology and movement trends of the individual inventory items.

#### 4.18 Foreign currencies

The Corporation's financial statements are presented in Tanzania Shillings (TZS), which is also the Corporation's functional currency.

Transactions in foreign currencies are initially recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

## 4.19 Taxes

### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

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

- When the deferred tax liability arises from the initial recognition of goodwill or 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;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except;
- When 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 the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures; deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**Deferred tax** relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

**Deferred tax assets and deferred tax liabilities** are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Valued Added Tax**

Expenses and assets are recognized net of the amount of Valued Added Tax, except:

When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

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

#### **4.20 Employee benefits**

##### ***Retirement benefits obligations***

The Corporation provides for defined contribution plans and defined benefit plans for the benefit of employees. A defined contributions plan is a plan under which the corporation pays fixed contributions into a separate entity. The corporation has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods. The contributions are recognised as employee benefits expense when they are due.

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.



The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized directly to the 'Retirement benefits reserve' under equity through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Corporation recognizes related costs of organization structure review.

#### **Leave benefits**

Annual leave is provided for over the period that the leave accrues and is subject to a cap established by the Corporation.

#### **Termination benefits**

Retrenchment packages or benefits are recognized in respect of employees who are affected as negotiated with the Central Joint Industrial Council.

#### **Short-term employee benefits**

The cost of all short-term employee benefits is recognized during the year of services, unless the Corporation uses the services of employees in the construction of an asset and the benefits received meets the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

### **4.21 Provisions for liabilities and charges**

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

## 5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Corporation's accounting policies, management has made certain judgements, which have the most significant effect on the amounts recognised in the financial statements: These, together with the key estimates and assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, are as follows:

### 5.1 Going concern

The directors have made significant assumptions and judgements in respect to going concern as explained in report to those charged with Governance Note 2.13.

### 5.2 Valuation of investment property

The Corporation carries its investment property at fair value, with changes in fair value being recognized in profit or loss. The Corporation engages independent valuation specialists to determine fair value at the end of each financial year.

### 5.3 Employee benefits pension obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Corporation determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Corporation considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. The carrying amount of the pension obligation and additional information is disclosed in Note 33.

#### 5.4 Impairment of trade receivables

The impairment of trade receivables was done as per the requirements of IFRS 9. The Corporation has developed a model which identifies the amount of impairment based on the requirement of IFRS 9. The model shows analysis for determining expected credit loss which is used to calculate the amount of impairment.

Based on the model, TTCL Corporation has categorized its accounts receivables into Government receivables, corporate receivables and retail receivables. The level of credit risk is assessed separately for each category based on historical payment trend, nature of customers, current situation and future information that will affect the customer to make payments.

The customers' information is used to estimate default rates which are attached to each category based on aging analysis done to all categories of accounts receivables. The aging analysis is divided into three different stages i.e. stage I, stage II and stage III, then the default rate is attached to each stage.

The amount of impairment loss is calculated by multiplying the default rate and outstanding balance of account receivables as per aging analysis.

#### 5.5 Impairment of Property and equipment, and Intangible assets

Significant assumptions are made in determining the recoverable value for the purpose of determining the impairment charge in respect of property equipment and intangible assets. To determine the recoverable amount, the value in use method in discounting projected cash flows from operations as determined under the Corporation's Strategic Business Plan.

Management has used a discounting factor of 16% which reflects the weighted average cost of capital and degree of uncertainty in realizing cash flows as projected in the Strategic Business Plan.

If the discounting factor had been 10% higher/ (lower) than the management estimate and all other factors remained unchanged, the Corporation will still have no impairment loss. Additional information including the carrying amounts is disclosed in Notes 19 and 20.

#### 5.6 Useful lives of property and equipment, and intangible assets

The useful lives of assets are based on Public Asset Management Guideline (Revised 2019). Management considers the impact of changes in technology, customer service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation for each of the individual categories of property and equipment and intangible assets. Due to the rapid technological advancement in the telecommunications industry as well as TTCL Corporation's plan to migrate to a next generation network over the next few years, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the roll-out strategy. The estimation of residual values of

assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives and what their condition will be at that time. Changes in the useful lives and/or residual values are accounted for as a change in accounting estimates.

For intangible assets that incorporate both a tangible and intangible portion, management uses judgement to assess which element is more significant to determine whether it should be treated as property and equipment or intangible assets. Additional information including the carrying amounts is disclosed in Note 19 and 20.

#### **5.7 Deferred tax assets**

Management's judgement is exercised when determining the probability of future taxable profits which will determine whether deferred income tax assets should be recognized or derecognized. The realization of deferred income tax assets will depend on whether it is possible to generate sufficient taxable income, taking into account any legal restrictions on the length and nature of the taxation asset. When deciding whether to recognize unutilized deferred taxation credits as deferred income tax assets, management needs to determine the extent that the future obligations are likely to be available for set-off against the deferred income tax asset. In the event that the assessment of the future obligation and future utilization changes, the change in the recognized deferred income tax asset is recognized in profit or loss. Additional information including the carrying amounts is disclosed in Note 18.

#### **5.8 Assets retirement obligations**

Management's judgement is exercised when determining whether an asset retirement obligation exists, and in determining the expected future cash flows and the discount rate used to determine its present value when the obligation to dismantle or restore the site arises, as well as the estimated useful life of the related asset. Additional information including the carrying amounts is disclosed in Note 35.

#### **5.9 Provisions**

Estimates are made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the reporting date. Additional information including the carrying amounts is disclosed in Note 35.

#### 5.10 Contingent liabilities

On an ongoing basis the Corporation is a party to various legal disputes, the outcome of which cannot be assessed with a high degree of certainty. A liability is recognized where, based on the Corporation's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. Disclosure of other contingent liabilities is made in Note 39 unless the possibility of a loss arising is considered remote.

#### 4 FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks: Market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the Corporation does not hedge against any risks. Risk management is carried out by the management on behalf of the Board of Directors.

The Corporation's financial instruments include government and other trade receivables, trade payables and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Corporation's operations. Trade receivables and trade payables arise directly from the Corporation's operations.

##### a) Market risk

###### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation does not have significant exposure to interest rate risk as it holds no significant financial instruments that are interest bearing.

###### **Price risk**

The Corporation does not hold any financial instruments subject to price risk

###### **Foreign exchange risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's activities (when revenue or expense is denominated in a different currency from the Corporation's presentation currency). The Corporation's operations are only in Tanzania and the main income from telecommunication services is billed in the local currency while significant costs of equipment and material purchases are denominated in foreign currencies. Foreign exchange spot rates are negotiated with bankers on a competitive basis.

## 5. FINANCIAL RISK MANAGEMENT cont.....

Foreign exchange risk	Consolidated			Separate		
	2023 TZS" mil	2022 TZS" mil	Total	2023 TZS" mil	2022 TZS" mil	Total
At 30 June 2023						
Financial assets						
Government trade receivables	93,157	(9,689)	83,468	93,157	(9,689)	83,468
Trade and other receivables	2	66,126	66,128	2	64,648	64,650
Cash and bank balances	1,229	22,394	23,623	1,229	21,493	22,722
Total financial assets	94,388	78,831	173,219	94,388	76,471	170,840
Financial liabilities						
Interest bearing loans	-	-	-	-	-	-
Trade and other payables	54	319,860	319,914	54	319,840	319,894
Total financial liabilities	54	319,860	319,914	54	319,840	319,894
Net gap	94,334	(241,029)	(146,695)	94,334	(243,389)	(149,055)
	TZS	TZS	Total	TZS	TZS	Total
At 30 June 2022						
Financial assets						
Government trade receivables	77,462	93,157	170,619	77,462	(9,120)	68,342
Trade and other receivables	2	2	4	79,363	(25,763)	53,599
Cash and bank balances	34,178	0	8,147	34,105	8,888	42,993
Total financial assets	111,642	93,159	178,770	190,929	(25,995)	164,934
Financial liabilities						
Interest bearing loans	-	-	-	-	-	-
Trade and other payables	54	54	108	54	283,266	283,320
Total financial liabilities	54	54	108	54	283,266	283,320
Net gap	111,588	93,105	178,662	190,875	(309,261)	(118,386)

The Corporation has no significant foreign currency exposure in currencies other than United States Dollar.

**b) Liquidity risk**

The Corporation monitors its risk to shortage of funds using budget analysis. This involves analysing projected cash flows from operations. The Corporation's goal is to maintain a balance between continuity of funding and flexibility through the use of borrowings, equity and cash collections from customers. The primary objective of the Corporation's liquidity management is to ensure that it maintains compliance with the creditor commitments and obligations. To maintain or adjust the liquidity position, the Corporation may call for more capital from shareholders, get financing

facilities or adjust the timing of capital expenditure and / or repayments to some creditors, where possible.

The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments. All balances are reflected in millions of Tanzania Shillings.

Liquidity risk	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
<b>At 30 June 2023</b>						
<b>Financial assets</b>						
Government trade receivables	12,042	70,131	82,173	12,062	70,121	82,183
Trade and other receivables	15,413	22,407	37,820	15,503	21,198	36,701
Cash and bank balances	26,716	17,332	44,048	25,764	17,148	42,912
<b>Total financial assets</b>	<b>54,171</b>	<b>109,870</b>	<b>164,041</b>	<b>53,329</b>	<b>108,467</b>	<b>161,796</b>
<b>Financial liabilities</b>						
Interest bearing loans	-	-	-	-	-	-
Trade and other payables	31,257	203,488	234,745	30,969	203,627	234,596
<b>Total financial liabilities</b>	<b>31,257</b>	<b>203,488</b>	<b>234,745</b>	<b>30,969</b>	<b>203,627</b>	<b>234,596</b>
<b>Net gap</b>	<b>22,914</b>	<b>(93,618)</b>	<b>(70,704)</b>	<b>22,360</b>	<b>(95,160)</b>	<b>(72,800)</b>
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
<b>At 30 June 2022</b>						
<b>Financial assets</b>						
Government trade receivables	5,287	71,942	77,229	5,267	71,984	77,251
Trade and other receivables	1,528	20,880	22,407	1,445	19,753	21,198
Cash and bank balances	3,406	13,926	17,332	3,183	13,965	17,148
<b>Total financial assets</b>	<b>10,221</b>	<b>106,748</b>	<b>116,969</b>	<b>9,895</b>	<b>105,702</b>	<b>115,596</b>
<b>Financial liabilities</b>						
Interest bearing loans	-	-	-	-	-	-
Trade and other payables	78,192	125,296	203,488	77,938	125,689	203,627
<b>Total financial liabilities</b>	<b>78,192</b>	<b>125,296</b>	<b>203,488</b>	<b>77,938</b>	<b>125,689</b>	<b>203,627</b>
<b>Net gap</b>	<b>(67,972)</b>	<b>(18,548)</b>	<b>(86,519)</b>	<b>(68,044)</b>	<b>(19,987)</b>	<b>(88,031)</b>

All the above balances are due within 12 months and the undiscounted payments reasonably approximate the carrying amounts as the impact of discounting is not significant.

### c) Credit risk

Credit risk is the financial exposure generated by the potential default of third parties in fulfilling their obligations. The Corporation uses financial institutions regulated by Bank of Tanzania and approved by the Board of Directors. There is no

independent credit rating for banks operating in Tanzania. However, the Corporation's bankers are either large or reputable banks in Tanzania or subsidiaries of reputable international banks. Some customers are required to pay security deposits before being connected for services.

There are no significant concentrations of credit risk within the Corporation. The maximum exposure arising from financial assets is as follows: -

Credit risk

	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
<b>Not impaired</b>				
Government trade receivables	83,468	68,332	83,468	68,342
Trade and other receivables	66,128	54,729	64,649	53,599
Bank balances	23,462	43,945	22,561	42,809
	173,058	167,006	170,679	164,750
<b>Impaired</b>				
Government trade receivables	11,599	11,031	11,599	11,021
Trade and other receivables	63,794	59,700	63,782	59,691
	75,393	70,731	75,381	70,711
<b>Maximum exposure to credit risk</b>	<b>248,451</b>	<b>237,737</b>	<b>246,060</b>	<b>235,462</b>

No collateral is held for any of the above assets. The Corporation does not grade the credit quality of receivables.

All financial assets that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

The ageing of the financial assets that are past due but not impaired (which are due after 60 days of the end of the month in which they are invoiced) is as follows:

	2023	2022	2023	2022
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
<b>Past due but not impaired:</b>				
- by up to 30 days	3,018	3,226	3,018	3,226
- by 31 to 60 days	10,651	1,850	10,651	1,850
- by more than 60 days	6,982	11,718	6,982	11,718
<b>Total past due but not impaired</b>	<b>20,652</b>	<b>16,794</b>	<b>20,652</b>	<b>16,794</b>



The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates as follows;

	2023	2022	2023	2022
Trade receivables	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Group 1 - new customers/related parties.	93,157		93,157	
Group 2 - existing customers/related parties with no defaults in the past.	44,995	75,385	44,995	75,385
Group 3 - existing customers/related parties with some defaults in the past. All defaults were fully recovered.	15,137	9,155	15,137	9,155
	153,289	84,540	153,289	84,540
	2023	2022	2023	2022
Cash at bank	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Bank of Tanzania	5,860	3,245	5,860	71
National Bank of Commerce Ltd				
National Microfinance Bank PLC	2,123	371	2,106	0
TIB Bank	1	1	1	299
	7,985	3,617	7,967	371
Cash in hand	81	91	81	184
	8,065	3,708	8,048	555

## 6. FINANCIAL INSTRUMENTS BY CATEGORY

The Corporation's financial assets are categorised as loans and receivables that are measured at amortised cost while all financial liabilities are classified as liabilities measured at amortised cost.

Classification of financial instruments	2023	2022	2023	2022
Receivables	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Financial assets as per the statement of financial position:				
Government trade receivables	83,468	68,332	83,468	68,342
Trade and other receivables (excluding prepayments)	66,128	54,729	64,650	53,599
Cash and bank balances	23,623	44,129	22,722	42,993
	173,219	167,190	170,840	164,934

Financial liabilities at amortized cost  
Financial liabilities as per the statement  
of financial position:

Interest bearing borrowings	-	-	-	-
Trade and other payables (excluding statutory liabilities)	280,859	250,574	280,880	250,512
	280,859	250,574	280,880	250,512

## 7. CAPITAL MANAGEMENT

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowing. Total capital is calculated as equity, as shown in the statement of financial position, plus net borrowings.

During the period, the Corporation's target which was unchanged from 2017 was to maintain a maximum gearing ratio of 50% but the target was not met because of accumulated losses. The gearing ratios as at 30 June 2023 and 30 June 2022 were as follows: -

Capital risk management	2023 TZS 'm	2022 TZS 'm	2023 TZS 'm	2022 TZS 'm
Total borrowings	-	-	-	-
Net debt	-	-	-	-
Total shareholders' surplus (deficit)	181,951	183,656	183,972	185,339
Total capital	181,951	183,656	183,972	185,339
Gearing ratio	n/a	n/a	n/a	n/a

The Corporation has no externally imposed capital requirements.

## 8. FAIR VALUE

The fair value of an asset or liability is the amount at which the asset or liability could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect the Corporation's market assumptions. The Corporation

uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly from the market;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data;

The following methods and assumptions are used to estimate the fair values of financial assets and financial liabilities:

- Fair values of the trade and other receivables and trade and other payables are the amounts expected to be recovered or settled respectively; and
- Fair values of the Corporation's interest-bearing borrowings are determined by using the Discounted Cash Flow method using discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

The Corporation did not hold any assets or liabilities measured at fair value other than investment property.

#### Fair value of Investment property

Investment properties measured at fair value in the statement of financial position are categorized by level according to the significance of inputs used in making the measurement.

	Level 1	Level 2	Level 3
Investment property			
TTCL House	-	17,298	-
Ex Posta Club	-	4,647	-
<b>Total</b>	-	<b>21,945</b>	-

The fair value for investment properties is calculated using the direct income capitalization method, which results in this measurement being classified as level 2 in the fair value hierarchy.

Investment properties are valued on a highest and best use basis. For all of corporation's investment properties the current use is considered to be the highest and best use.

Disclosures on fair value of investment property are included in Note 21.

	Consolidated		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
<b>9 REVENUE</b>				
<b>(a) Operating revenue</b>				
Fixed data	70,661	65,847	70,661	65,847
Wholesale Data	24,209	27,785	24,209	27,785
Colocation	14,193	13,354	14,193	13,354
Mobile (Voice & data)	24,554	35,471	24,554	35,471
Fixed Voice	4,562	5,733	4,562	5,733
Devices & Terminals	425	863	426	863
	<b>138,604</b>	<b>149,053</b>	<b>138,605</b>	<b>149,053</b>
<b>(b) Revenue from NICTBB</b>				
Management fees	1,446	1,446	1,446	1,446
Accommodation	109	108	109	108
Co-location charges	8,420	8,373	8,420	8,373
	<b>9,975</b>	<b>9,927</b>	<b>9,975</b>	<b>9,927</b>
<b>(c) Revenue from T-PESA</b>				
Money Transfer (P2P) Revenue	8	10	-	-
Bill payment Commission	4	4	-	-
Utility Revenue	14	16	-	-
Bank Cashin Revenue	21	25	-	-
Salaries disbursement Revenue	-	-	-	-
Cash Out Revenue	307	368	-	-
Comm on Airtime purchase Acc TTCL Pesa	1	-	-	-
Create Coupon Revenue	-	-	-	-
Interoperability Revenue	192	184	-	-
Check Balance Revenue	16	-	-	-
N Card Revenue	101	-	-	-
	<b>664</b>	<b>607</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>149,243</b>	<b>159,587</b>	<b>148,580</b>	<b>158,980</b>
<b>10 COST OF SALES</b>				
International access	509	445	509	445
Payment to international operators	1,193	1,016	1,193	1,016
Cellular interconnect charges	2,328	7,185	2,328	7,185
Telephone sets and accessories	329	766	329	766
Ruimcards and scratch cards	186	359	186	359
Discount and commission to dealers*	1,094	2,287	1,094	3,004
Leased line costs	30,585	32,725	30,585	32,725

Regulatory costs	7,882	8,623	7,882	8,623
Excise duty & Airtime Levy	17,058	13,945	17,016	13,897
International fibre transmission	2,701	4,056	2,701	4,056
International transit to mobile	483	614	483	614
Capacity costs	2,629	1,942	2,629	1,942
National Roaming	6,877	11,119	6,877	11,119
Other costs	882	1,864	934	1,571
	<b>74,736</b>	<b>86,946</b>	<b>74,746</b>	<b>87,322</b>

\*Discount and commission in the financial year 2022/23 exclude those discount and commission paid to the subsidiary company.

#### 11 OTHER INCOME

Rental income	1,521	1,563	1,521	1,563
Net foreign exchange gain - unrealised	331	-	331	-
Gain on disposal of motor vehicles	73	-	73	-
Miscellaneous income	6,507	97	6,523	62
Decrease in Provision for Impairment	10,330	-	10,330	-
Decrease in Provision for Inventory	706	-	706	-
ARO - change in estimates	-	3,323	-	3,323
Amortization of Grant	4,346	10,834	4,346	10,834
	<b>23,814</b>	<b>15,817</b>	<b>23,830</b>	<b>15,782</b>

#### 12 SALES AND MARKETING EXPENSES

Marketing expenses	2,234	4,284	1,978	3,960
Employee benefits - salaries and wages	7,681	7,927	7,589	8,904
Impairment of debtors	4,662	(1,127)	4,670	(1,121)
	<b>14,577</b>	<b>11,084</b>	<b>14,237</b>	<b>11,743</b>

#### 13 NETWORK OPERATIONAL COSTS

Network maintenance costs	7,322	8,184	7,322	8,184
Impairment - Fixed Assets	(0)	10,330	(0)	10,330
Depreciation	19,944	17,424	19,944	17,424
Employee benefits - salaries and wages	15,223	12,764	15,041	12,587
	<b>42,489</b>	<b>48,702</b>	<b>42,307</b>	<b>48,525</b>

#### 14 GENERAL AND ADMINISTRATIVE EXPENSES

Energy costs	6,967	5,961	6,967	5,960
Rent and rates	764	705	764	705
Travelling	3,421	1,876	3,338	1,866
Foreign exchange losses - realised	245	189	245	189
Net foreign exchange loss - unrealised	-	129	-	129

Other administrative expenses	5,078	5,656	5,004	5,612
Obsolete stock	121		121	
Insurance, licence and security	6,188	6,888	6,172	6,872
External consultants	67	394	67	394
Employee benefits - salaries and wages	10,581	9,005	10,455	7,797
Terminal benefits	41	18	41	18
Other employee benefits expense (Note 15)	6,497	6,206	6,421	6,130
Directors' fees, allowances and other expenses (Note 36)	135	95	83	60
Auditors' remuneration	216	223	180	180
Depreciation	3,790	3,753	3,785	3,749
Amortisation of intangible assets	196	197	196	197
	<b>44,307</b>	<b>41,295</b>	<b>43,839</b>	<b>39,857</b>

#### 15 OTHER EMPLOYEE BENEFITS EXPENSE

The following amounts make up other employee benefits expense:

Corporation's contribution to PSSSF	3,199	3,151	3,148	3,102
Corporation's contribution to Skills and Development Levy (SDL)	1,352	1,275	1,337	1,259
Staff medical expenses	907	683	897	672
Staff telephone costs	412	419	412	419
Increase/(decrease) in retirement benefit obligation (Note 33)	627	678	627	678
	<b>6,497</b>	<b>6,206</b>	<b>6,421</b>	<b>6,130</b>

All employees of the Corporation are members of the Public Service Social Security Fund (PSSSF) except one (1) employee who is a member of Zanzibar Social Security Fund (ZSSF). The Corporation contributes 13% and employees contribute 7% of the employees' basic salary to ZSSF on a monthly basis. The contribution to PSSSF is based on an employee's basic salary at the rate of 5% for the employee and 15% for the Corporation's contribution for all employees. The Corporation's contribution is charged to profit or loss when payable.

#### 16 FINANCE INCOME AND COSTS

(a) Finance income:

Interest income	1,011	527	1,011	527
<b>Total finance income</b>	<b>1,011</b>	<b>527</b>	<b>1,011</b>	<b>527</b>

(b) Finance costs:

Interest expense - liabilities	(217)	(307)	(217)	(307)
Finance Costs on Asset Retirement Obligation	(174)	-	(174)	-
<b>Total finance costs</b>	<b>(391)</b>	<b>(307)</b>	<b>(391)</b>	<b>(307)</b>

<b>Net finance costs</b>	<b>620</b>	<b>220</b>	<b>620</b>	<b>220</b>
--------------------------	------------	------------	------------	------------

**17. INCOME TAX EXPENSE**

The Corporation as a separate entity made a taxable loss of TZS 16,499 million during the year (2022: tax loss of TZS 2,733 million). However, as at period-end, the Corporation had accumulated tax losses of TZS 313,320 million (2022: TZS 296,821 million). Tax of TZS 805 million (2022: TZS 857 million) has been charged in accordance with the Alternative Minimum Tax provisions that require that entities that are loss making for more than two tax periods should pay tax at the rate of 0.5% of the revenue reported.

	Consolidated		Separate	
	2023 TZS" mil	2022 TZS" mil	2023 TZS" mil	2022 TZS" mil
(a) Charge/ (credit) to loss for the year				
Corporate Tax	810	860	805	857
Deferred income tax credit	(1,752)	3,599	(1,752)	3,599
	(942)	4,459	(947)	4,456
(b) Credit to Other Comprehensive income	-	-	-	-

**18. DEFERRED INCOME TAX ASSET AND LIABILITY**

Deferred income tax is calculated on all temporary differences under the liability method using the enacted income tax rate of 30%.

Deferred income tax assets and liabilities at the period-end are attributable to the following items:

	1 July	Movement through	OCI	30 June
	2022 TZS" mil	Profit/loss TZS" mil	TZS" mil	2023 TZS" mil
<b>Deferred income tax liability:</b>	-	-	-	-
<b>Deferred income tax assets:</b>				
Accelerated depreciation on property and equipment	-	(410)	-	(410)
Impairment of debtors	-	(1,401)	-	(1,401)
Provision for impairment of obsolete inventories	-	176	-	176
Increase/ (decrease) in retirement benefit obligation	-	(188)	-	(188)
Finance Costs on Asset Retirement Obligation	-	(52)	-	(52)
Gain / (loss) on revaluation of investment properties	-	78	-	78

Non-taxable income-unrealised foreign exchange gain, gain on disposal, decrease in impairment, change in estimates	-	3,220	-	3,220
Withholding taxes	-	329	-	329
<b>Recognized</b>				<b>1,752</b>

	1 July 2021	Movement through Profit/loss	OCI	30 June 2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
<b>Deferred income tax liability:</b>				
<b>Opening Balance</b>	(20)			(20)
Accelerated depreciation on property and equipment	-	(3,088)	-	(3,088)
Impairment of debtors	-	(336)	-	(336)
Provision for impairment of obsolete inventories	-	(237)	-	(237)
Increase/(decrease) in retirement benefit obligation	-	(203)	-	(203)
Net foreign exchange loss - unrealised	-	(39)	-	(39)
Gain / (loss) on revaluation of investment properties	-	(692)	-	(692)
Non-taxable income-unrealised foreign exchange gain, gain on disposal, decrease in impairment, change in estimates	-	998	-	998
<b>Recognized</b>				<b>(3,619)</b>



**PROPERTY AND  
EQUIPMENT**

Consolidated	Land TZS" mil	Buildings TZS" mil	Telecom plant and equipment TZS" mil	Other assets TZS" mil	Capital work- in-progress TZS" mil	Total TZS" mil
<b>Cost</b>						
At 1 July 2022	133,447	74,822	561,440	27,596	18,016	815,321
Additions	29	-	1,024	5,690	23,113	29,856
Transfers to FAR (Additional from WIP)	-	557	20,680	-	(21,237)	-
Write Off	-	-	-	(1,573)	(628)	(628)
Disposal during the year	-	-	-	-	-	(1,573)
<b>At 30 June 2023</b>	<b>133,476</b>	<b>75,379</b>	<b>583,144</b>	<b>31,713</b>	<b>19,264</b>	<b>842,976</b>
<b>Accumulated depreciation and impairment</b>						
At 1 July 2022	-	8,508	449,589	25,903	-	484,000
Charge for the year	-	3,004	19,944	786	-	23,734
Disposal during the year	-	-	-	(1,573)	-	(1,573)
Impairment for the year	-	-	-	-	(10,330)	(10,330)
<b>At 30 June 2023</b>	<b>-</b>	<b>11,512</b>	<b>469,533</b>	<b>25,116</b>	<b>(10,330)</b>	<b>495,831</b>
<b>Net carrying amount</b>						
At 30 June 2023	133,476	63,867	113,611	6,597	29,594	347,145

As at 30 June 2023, some of items under property and equipment were held as collateral at TIB Development, TCB and NMB PLC.

\*Other assets include Motor vehicles, Furniture & Fittings and Computers & IT equipment.

**OTHER ASSETS 2023**

Other Assets	Motor Vehicles	Office Equipment	Furniture & Office Equipment	Computers And IT Equipment	TOTAL
	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil
Opening Net Book Value	683	-	336	675	1,694
Additional	5,235		176	280	5,691
Charge for the year	(410)		(116)	(260)	(786)
Closing Net Book Value	5,508	-	396	695	6,599

**PROPERTY AND  
19 EQUIPMENT (Continued)**

TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

Consolidated	Land TZS" mil	Buildings TZS" mil	Telecom plant and equipment TZS" mil	Other assets TZS" mil	Capital work-in- progress TZS" mil	Total TZS" mil
<b>Cost</b>						
At 30 June 2021	133,427	68,050	518,199	26,566	55,947	802,189
Restatement	-	27	6,087	282	(7,629)	(1,233)
At 1 July 2021 (Restated)	133,427	68,077	524,286	26,848	48,318	800,956
Additions	20	31	2,176	748	14,931	17,906
Transfers to FAR (From WIP)	-	252	35,656	-	(35,908)	-
Write Off	-	-	-	-	(9,325)	(9,325)
Valuation	-	6,462	-	-	-	6,462
Adjustment for change in ARO estimates	-	-	(678)	-	-	(678)
Disposal	-	-	-	-	-	-
At 30 June 2022	133,447	74,822	561,440	27,596	18,016	815,321
<b>Accumulated depreciation and impairment</b>						
At 30th June 2021	-	5,512	420,204	24,905	-	450,621
Restatement	-	9	1,629	233	-	1,871
At 1 July 2021 (Restated)	-	5,521	421,833	25,138	-	452,492
Charge for the year	-	2,988	17,424	766	-	21,178
Disposal	-	-	-	-	-	-
Impairment for the year	-	-	10,330	-	-	10,330
At 30 June 2022	-	8,509	449,587	25,904	-	484,000
Net carrying amount						

At 30 June 2022 133,447 66,313 111,853 1,692 18,016 331,321

As at 30 June 2023, some of items under property and equipment were held as collateral at TIB Development, TCB and NMB PLC.

\*Other assets include Motor vehicles, Furniture & Fittings and Computers & IT equipment.

**OTHER ASSET 2022**

Other Assets	Motor Vehicles TZS" mil	Office Equipment TZS" mil	Furniture & Office Equipment TZS" mil	Computers And IT Equipment TZS" mil	TOTAL TZS" mil
Opening Net Book Value	737		412	512	1,662
Restatement amount (Cost)		26		256	282
Additional Restatement amount (Accumulated depreciation)	318	33		397	748
Charge for the year	(371)		(136)	(233)	(766)
Closing Net Book Value	683	-	335	675	1,693

**19 PROPERTY AND EQUIPMENT**

**TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)**

Separate	Land TZS" mil	Buildings TZS" mil	Telecom plant and equipment TZS" mil	Other assets TZS" mil	Capital work-in- progress TZS" mil	Total TZS" mil
<b>Cost</b>						
At 1 July 2022	133,447	74,822	561,442	27,570	18,014	815,295
Additions	29	-	1,022	5,687	23,112	29,850
Transfers to FAR (From WIP)	-	557	20,680	-	(21,237)	-
Write Off					(628)	(628)
Disposal during the year				(1,573)		(1,573)
At 30 June 2023	<b>133,476</b>	<b>75,379</b>	<b>583,144</b>	<b>31,684</b>	<b>19,261</b>	<b>842,944</b>
<b>Accumulated depreciation</b>						
at 1 July 2022	-	8,508	449,589	25,884	-	483,982
Charge for the year	-	3,004	19,944	781	-	23,729
Disposal during the year				(1,573)		(1,573)
Impairment for the year	-	-		-	(10,330)	(10,330)
At 30 June 2023	-	<b>11,512</b>	<b>469,533</b>	<b>25,092</b>	<b>(10,330)</b>	<b>495,808</b>
<b>Net carrying amount</b>						
At 30 June 2023	133,476	63,867	113,611	6,592	29,591	347,136

As at 30 June 2023, some of items under property and equipment were held as collateral at TIB Development, TCB and NMB PLC.

\*Other assets include Motor vehicles, Furniture & Fittings and Computers & IT

equipment.

**OTHER ASSETS 2023**

Other Assets	Motor Vehicles TZS" mil	Office Equipment TZS" mil	Furniture & Office Equipment TZS" mil	Computers And IT Equipment TZS" mil	TOTAL TZS" mil
Opening Net Book Value	683	-	329	674	1,687
Additional	5,235		176	276	5,687
Charge for the year	(410)		(115)	(257)	(781)
<b>Closing Net Book Value</b>	<b>5,508</b>	<b>-</b>	<b>391</b>	<b>694</b>	<b>6,592</b>

**PROPERTY AND EQUIPMENT**

19 (Continued)

Separate	Land TZS" mil	Buildings TZS" mil	Telecom plant and equipment TZS" mil	Other assets TZS" mil	Capital work-in-progress TZS" mil	Total TZS" mil
Cost						
At 30 June 2021	133,427	68,050	518,202	26,539	55,947	802,165
Restated Amount	-	27	6,087	282	(7,629)	(1,233)
<b>At 1 July 2021 (Restated)</b>	<b>133,427</b>	<b>68,077</b>	<b>524,289</b>	<b>26,821</b>	<b>48,318</b>	<b>800,932</b>
Additions	20	32	2,176	749	14,928	17,905
Transfers to FAR (From WIP)	-	252	35,656	-	(35,908)	0
Write Off	-	-	-	-	(9,325)	(9,325)
Valuation	-	6,461	-	-	-	6,461
Adjustment for change in ARO estimates	-	-	(678)	-	-	(678)
Disposal	-	-	-	-	-	-
						<b>82</b>

**TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)**

At 30 June 2022	133,447	74,822	561,443	27,570	18,013	815,295
Accumulated depreciation						
At 30 June 2021	-	5,512	420,206	24,890	-	450,608
Restated Amount	-	9	1,629	233	-	1,871
At 1 July 2021 (Restated)	-	5,521	421,835	25,123	-	452,479
Charge for the year	-	2,988	17,424	762	-	21,173
Impairment for the year			10,330			10,330
At 30 June 2022	-	8,509	449,589	25,885	-	483,982
Net carrying amount						
At 30 June 2022	133,447	66,313	111,854	1,685	18,013	331,313

As at 30 June 2023, some of items under property and equipment were held as collateral at TIB Development, TCB and NMB PLC.

\*Other assets; Include Motor vehicles, Furniture & Fittings and Computers & IT equipment.

\*Write off: Include transfer of WIP value to PL. The amount was recognised as expenses and not PPE

**OTHER ASSET 2022**

Other Assets	Motor Vehicles TZS" mil	Office Equipment TZS" mil	Furniture & Office Equipment TZS" mil	Computers And IT Equipment TZS" mil	TOTAL TZS" mil
Opening Net Book Value	737		404	508	1,649
Restatement amount (Cost)			26	256	282
Additional	318		33	398	749
Restatement amount (Accumulated depreciation)				(233)	(233)
Charge for the year	(371)		(134)	(256)	(762)

TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

Closing Net Book Value	683	-	329	674	1,686
------------------------	-----	---	-----	-----	-------

20 INTANGIBLE ASSETS

Consolidated	Regulatory licence fee TZS" mil	Microsoft licence fee TZS" mil	Sun System licence fee TZS" mil	EASSY Cable use rights TZS" mil	Other licences TZS" mil	Capital Work in Progress TZS" mil	Total TZS" mil
<b>Cost</b>							
At 1 July	1,005	2,036	678	3,891	7,485	-	15,095
Additions	-	-	-	-	-	4,460	4,460
Disposal	-	-	(678)	-	-	-	(678)
Transfer from WIP	-	-	-	-	4,460	(4,460)	-
<b>At 30 June 2023</b>	<b>1,005</b>	<b>2,036</b>	<b>-</b>	<b>3,891</b>	<b>11,945</b>	<b>-</b>	<b>18,877</b>
<b>Accumulated amortisation</b>							
At 1 July	869	2,036	678	3,358	3,033	-	9,974
Adjustment	-	-	-	-	-	-	-
Disposal	-	-	(678)	-	-	-	(678)
Charge for the year	40	-	-	156	-	-	196
<b>At 30 June 2023</b>	<b>909</b>	<b>2,036</b>	<b>-</b>	<b>3,514</b>	<b>3,033</b>	<b>-</b>	<b>9,492</b>
<b>Net carrying amount</b>							
At 30 June 2023	96	-	-	377	8,912	-	9,385
<b>Cost</b>							
At 1 July	1,005	2,036	678	3,734	3,031	-	10,484
Restatement	-	-	-	-	84	-	84
Additions	-	-	-	157	-	-	157



TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

Transfer from WIP	-	-	-	-	-	-	-	-	-	-	4,370	-	4,370
At 30 June 2022	1,005	2,036	678	3,891	7,485	3,891	7,485	-	-	-	15,095	-	15,095
<b>Accumulated amortisation</b>													
At 1 July	829	2,036	678	3,216	3,018	3,216	3,018	-	-	-	9,777	-	9,777
Charge for the year	40	-	-	142	15	142	15	-	-	-	197	-	197
At 30 June 2022	869	2,036	678	3,358	3,033	3,358	3,033	-	-	-	9,974	-	9,974
<b>Net carrying amount</b>													
At 30 June 2022	136	-	-	533	4,452	533	4,452	-	-	-	5,121	-	5,121
<b>Separate</b>													
Regulatory licence fee	TZS" mil	Microsoft licence fee	Sun System licence fee	EASSY Cable use rights	Other licences	Capital Work in Progress	Total						
At 1 July	1,005	2,036	678	3,891	7,485	-	15,095						
Additions	-	-	-	-	-	4,460	4,460						
Disposal	-	-	(678)	-	-	-	(678)						
Transfer from WIP	-	-	-	-	4,460	(4,460)	-						
At 30 June 2023	1,005	2,036	-	3,891	11,945	-	18,877						
<b>Accumulated amortisation</b>													
At 1 July	869	2,036	678	3,358	3,033	-	9,974						
Adjustment	-	-	-	-	-	-	-						
Disposal	-	-	(678)	-	-	-	(678)						
Charge for the year	40	-	-	156	-	-	196						
At 30 June 2023	909	2,036	-	3,514	3,033	-	9,492						
<b>Net carrying amount</b>													
At 30 June 2023	96	-	-	377	8,912	-	9,385						

TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

<b>Cost</b>									
At 1 July	1,005	2,036	678	3,734	3,031	-	10,484		
Restatement	-	-	-	-	84	-	84		
At 1 July 2021 (Restated)	1,005	2,036	678	3,734	3,115	-	10,568		
Additions	-	-	-	157	-	-	157		
Transfer from WIP	-	-	-	-	4,370	-	4,370		
At 30 June 2022	1,005	2,036	678	3,891	7,485	-	15,095		
<b>Accumulated amortisation</b>									
At 1 July	829	2,036	678	3,216	3,018	-	9,777		
Charge for the year	40	-	-	142	15	-	197		
At 30 June 2022	869	2,036	678	3,358	3,033	-	9,974		
<b>Net carrying amount</b>									
At 30 June 2022	136	-	-	533	4,452	-	5,121		

**20 INTANGIBLE ASSETS (CONTINUED)****Regulatory license fee**

The regulatory license fee represents cost incurred to acquire the telecommunications licenses issued by the Regulator, Tanzania Communications Regulatory Authority (TCRA). The license is required to operate telecommunications business and is being amortised over its useful life of 25 years effective from December 2001.

**Microsoft license**

This represents Microsoft software license for IT equipment which has been capitalized and is being amortised over the period of the license. Microsoft software license is for the period of three years subject to renewal after expiry.

**EASSy cable use rights**

TTCL is one of the Consortium members of East African Submarine Systems (EASSy) cable, whose capital contribution towards the construction cost is US\$ 2.5 million. TTCL's contribution to the EASSy cable is 1% of the total construction cost. The EASSy cable capacity is apportioned to the Consortium members in proportion to the capital contributed. Based on the cost of the cable, TTCL is entitled to the capacity equivalent to STM-1. In addition, operational costs are shared by all Consortium members in proportion to their capital contribution on a quarterly basis. The cost is amortised over the estimated useful life of the cable of 25 years from July 2009.

**Other licenses**

This represents fees paid by the Corporation for use of different licensed software such as CVBS billing system software, Teammate audit management system, Symantec endpoint protection and others. These licenses are amortised over their useful lives.

21 INVESTMENT PROPERTY

	Valuation at 30 June 2021	Additions	Change in Fair value	Valuation at 30 June 2022	Additions	Change in Fair value	Valuation at 30 June 23
	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil
TTCL House	17,713	-	(1704)	16,009	-	1,289	17,298
Ex Posta Club	6,282	-	(604)	5,678	-	-1,031	4,647
<b>Total</b>	<b>23,995</b>	<b>-</b>	<b>(2,308)</b>	<b>21,687</b>	<b>-</b>	<b>258</b>	<b>21,945</b>

The investment property comprises of two properties located at Plot 717/6, Mikocheni Area, Kinondoni Municipality and Plot 721, Block II, Simu Street, Central Area in Dar es Salaam. The carrying amount of TZS 21,687 million is based on an open market valuation as of 30 June 2022 that was performed by an independent valuer, Ardhi University. The independent valuer, Trace Associates Ltd reassessed the fair value as at 30 June 2023 to be TZS 21,945 million and concluded that the estimated fair value has increased by TZS 258 million compared to 30 June 2022.

Key inputs into valuation of investment property:

Significant unobservable inputs	Range (weighted average)	
	2022	2023
Office properties	Estimated rental value per square meter per month	TZS 16,090 to TZS 32,180 (Average of TZS 24,135)
	Rent growth per annum	TZS 18,368 to TZS 34,440 (Average of TZS 26,404) 0% - 3.5% (Average of 1.75%)
		0% - 2% (Average of 1%)

Valuation techniques for investment property:

Buildings, structures and services were valued using comparative method, sometimes referred to as Direct Capital Comparison Approach taking into account their depreciation.

The valuations for the investment property are classified into level 2 hierarchy since the significant inputs into the valuations are the open market prices for investment property in the same location and these are observable, either directly or indirectly from the market. There have been no transfers into or out of this fair value hierarchy.

**21 INVESTMENT PROPERTY (Continued)**

The Corporation generated rental income from its investment property as below:

	2023	2022
	TZS" mil	TZS" mil
TTCL House	240	240
Ex Posta Club	91	91
	331	331

The Corporation incurred direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period as below;

	2023		
	TTCL House	Ex Posta	Total
	TZS" mil	Club	TZS" mil
Maintenance & Repairs	-	-	-
Ground & Property rent	12	4	16

TANZANIA TELECOMMUNICATIONS CORPORATION (TTCL)

	2022			Total
	TTCL House TZS" mil	Ex Posta Club TZS" mil		TZS" mil
Cleaning Services	4			4
Security Service	14	-		14
Electricity	16	-		16
Water	7	-		7
Total	53	4		57
Maintenance & Repairs Ground & Property rent	1	2		3
Cleaning Services	12	4		16
Security Service	14	-		14
Electricity	14	-		14
Water	36	-		36
Total	4	-		4
	81	6		87

There was no sale of investment property during the year and in the previous year. As at 30 June, 2023, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal and there were no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

22 OTHER INVESTMENTS	Consolidated		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
Opening balance	1,129	1,129	1,129	1,129
Accumulated impairment	(1,129)	(1,129)	(1,129)	(1,129)
Closing balance	-	-	-	-

Rascom is the regional satellite communications organisation whose main objective is to establish a dedicated satellite system for Africa. The Corporation's holding at 30 June 2023 and 30 June 2022 amounted to US\$ 1,134,456 representing about 3.16% stake in Rascom. Full impairment of the Rascom investment was done as it is unlikely that sufficient income will be earned to recover the cost of the investment.

### 23 PRE-PAID INDEFEASIBLE RIGHT OF USE (IRU)

Indefeasible right of use (IRU) represents capacity purchase for bandwidth from another telecommunications company. The analysis of the long term and current portions of the pre-paid IRU is summarized below:

Opening balance	32,646	25,964	32,646	25,964
Additions	446	13,790	446	13,790
Expensed in the year	(8,231)	(7,108)	(8,231)	(7,108)
Closing balance	<b>24,861</b>	<b>32,646</b>	<b>24,861</b>	<b>32,646</b>
Current portion	3,986	7,568	3,986	7,568
Non-current portion	20,875	25,078	20,875	25,078
	<b>24,861</b>	<b>32,646</b>	<b>24,861</b>	<b>32,646</b>

### 24 INVENTORIES

Engineering stores	6,098	6,088	6,098	6,088
Saleable Items	1,788	543	1,788	543
Office Consumables and Marketing	109	122	109	122
	<b>7,995</b>	<b>6,753</b>	<b>7,995</b>	<b>6,753</b>
Provision for impairment of obsolete inventories	(2,410)	(2,996)	(2,410)	(2,996)
	<b>5,585</b>	<b>3,757</b>	<b>5,585</b>	<b>3,757</b>

\*The cost of inventories recognized as an expense and included within operating expenses amounted to TZS 4,806 million for 2023 (2022: TZS 4,856 million).

**Movement in the provision**

Opening balance	2,996	2,205	2,996	2,205
Additions (release) for the year	120	739	120	739
Decrease in provision	(706)	-	(706)	-
Prior year adjustment	-	52	-	52
<b>Closing balance</b>	<b>2,410</b>	<b>2,996</b>	<b>2,410</b>	<b>2,996</b>

25 INCOME TAX RECOVERABLE	Consolidated		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
At 1 July	3,675	1,972	3,678	1,972
Current income tax for the year	(810)	(860)	(805)	(857)
Payment made during the year	-	1,758	-	1,758
Transfer during the year	-	805	-	805
	<b>2,865</b>	<b>3,675</b>	<b>2,873</b>	<b>3,678</b>

**26 GOVERNMENT TRADE RECEIVABLES**

Other trade debtors	1,910	1,901	1,910	1,901
NICTBB receivable	93,157	77,462	93,157	77,462
	<b>95,067</b>	<b>79,363</b>	<b>95,067</b>	<b>79,363</b>
Provision for impairment losses	(11,599)	(11,031)	(11,599)	(11,021)
	<b>83,468</b>	<b>68,332</b>	<b>83,468</b>	<b>68,342</b>

The movement on the provision for impairment of Government trade receivables is as analysed below:

Opening balance	11,031	11,075	11,021	11,054
Adjustment	-	-	-	-
Impairment charge for the year	568	(44)	578	(33)
<b>Closing balance</b>	<b>11,599</b>	<b>11,031</b>	<b>11,599</b>	<b>11,021</b>

**27 TRADE AND OTHER RECEIVABLES**

Telephone trade receivables	34,757	26,769	34,757	26,769
International trade receivables	2	2	2	2
Other trade receivables	80,060	74,162	79,968	74,106
Amounts due from other parties	10,547	9,577	10,547	9,577
Withholding tax recoverable	1,172	457	1,134	429
Sundry receivables	3,384	3,463	2,023	2,407



	<u>129,922</u>	<u>114,430</u>	<u>128,431</u>	<u>113,290</u>
<b>Less:</b>				
Provision for impairment losses - trade debtors	(59,270)	(55,177)	(59,259)	(55,167)
Provision for impairment losses - others	(4,524)	(4,524)	(4,524)	(4,524)
Sub-total	<u>(63,794)</u>	<u>(59,700)</u>	<u>(63,783)</u>	<u>(59,691)</u>
Net trade and other receivables	<u>66,128</u>	<u>54,729</u>	<u>64,648</u>	<u>53,599</u>

The movement on the provision for impairment of trade and other receivables is as analysed below:

Opening balance	59,700	46,608	59,691	46,607
Impairment charge for the year	4,094	13,092	4,092	13,084
Closing balance	<u>63,794</u>	<u>59,700</u>	<u>63,783</u>	<u>59,691</u>

## 28 PREPAYMENTS AND DEPOSITS

Advance payments	2,644	969	2,644	969
Prepayments for services	1,745	3,210	1,745	3,210
	<u>4,389</u>	<u>4,179</u>	<u>4,389</u>	<u>4,179</u>

## 29 CASH AND BANK BALANCES

### Unrestricted cash and bank balances

Cash in hand	161	184	161	184
Cash at bank	20,182	40,695	19,281	39,559
Sub-total	<u>20,343</u>	<u>40,879</u>	<u>19,442</u>	<u>39,743</u>

### Restricted cash and bank balances

Short term deposits*	3,280	3,250	3,280	3,250
Sub-total	<u>3,280</u>	<u>3,250</u>	<u>3,280</u>	<u>3,250</u>

<b>Total cash and bank balances</b>	<u>23,623</u>	<u>44,129</u>	<u>22,722</u>	<u>42,993</u>
-------------------------------------	---------------	---------------	---------------	---------------

\*Relates to bank guarantee deposits at TIB and NMB.

## 30 SHARE CAPITAL

### Authorised share capital

600,000,000 ordinary shares of TZS 1,000 per share	600,000	600,000	600,000	600,000
--	---------	---------	---------	---------

**Issued share capital**

370,464,616 ordinary shares of TZS 1,000 per share	370,465	370,465	370,465	370,465
<b>TOTAL CAPITAL</b>	<b>370,465</b>	<b>370,465</b>	<b>370,465</b>	<b>370,465</b>

The TTCL was incorporated on 1 January 1994 with authorized share capital of TZS 200 billion divided into 40 billion shares of TZS 5 each. At general extraordinary meeting held on 21 July 1999, the Company's shareholder resolved to increase the authorised share capital to TZS 600 billion divided into 600 million shares and the consolidation of existing shares of TZS 5 each into new shares of TZS 1,000 each, together with the issue and allotment of 293,864,616 ordinary shares of TZS 1,000. A share certificate was issued to the Government of Tanzania in May 2000.

On 23 February 2001, the Government of the United Republic of Tanzania, the sole shareholder of the Company, sold 35% of its ownership in the Company to a consortium of DETECON GmbH of Germany and Bharti Airtel International (Tanzania) BV [formerly Celtel International BV / Mobile Systems International Investments Holdings BV (MSI)] of the Netherlands. The consortium paid instantly US\$ 60 million as the first tranche and subsequently US\$ 4.96 million, as the final instalment after the signing of the shareholders' agreement in 2006. The shares issued to the consortium were paid at a discount following the approval by both shareholders. All issued shares are fully paid.

During financial year 2016/2017 the government of the United Republic of Tanzania purchased 35% shares of Bharti Airtel (Tanzania) B.V and became the only shareholders of the Corporation. On 1 February 2018, the government of Tanzania decided to change the legal status of TTCL from company limited into public corporation. Also, the Government through the Ministry of Finance and Planning decided to convert the government loan amounted to TZS 76.6 billion into equity.

**31 SHARE DISCOUNT**

Movement in the share discount				
Opening balance	(48,619)	(48,619)	(48,619)	(48,619)
Charge for the year	-	-	-	-
Closing balance	<b>(48,619)</b>	<b>(48,619)</b>	<b>(48,619)</b>	<b>(48,619)</b>

Share discount shown above relates to 35% sell of shareholding to strategic investor - a consortium comprising DETECON GmbH of Germany and Mobile Systems International Cellular Investments Holdings BV (MSI) of The Netherlands on 23rd February 2001.

The consortium paid instantly US\$ 60 million as the first tranche and subsequently US\$ 4.96 million, as the final instalment after the signing of the shareholders' agreement in 2006. The shares issued to the consortium were paid at a discount following the approval by both shareholders

**32 DEFERRED REVENUE**

Indefeasible Rights of Use (IRU)	32,294	40,817	32,294	40,817
Airtime revenue	2,558	3,951	2,558	3,951
Broadband revenue	-	3	-	3
Deferred income-prepaid	2,646	3,020	2,646	3,020
	<b>37,498</b>	<b>47,791</b>	<b>37,498</b>	<b>47,791</b>

Analysis of current and non-current portion of deferred revenue:

Current portion	5,025	6,404	5,025	6,404
Non-current portion	32,473	41,387	32,473	41,387
	<b>37,498</b>	<b>47,791</b>	<b>37,498</b>	<b>47,791</b>

33 RETIREMENT BENEFIT OBLIGATION	Consolidation		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
Retirement benefit payable	6,792	6,632	6,792	6,632
<b>(a) Changes in the obligations</b>				
Opening balance	6,632	6,782	6,632	6,782
<b>Charge to profit or loss</b>				
Current service cost	58	82	58	82
Interest cost (discount unwinding)	569	596	569	596
Unrecognized actuarial loss	-	-	-	-
	<b>627</b>	<b>678</b>	<b>627</b>	<b>678</b>
<b>Charge/(credit) to other comprehensive income</b>				
Net actuarial Loss (Gain) - due to experience	501	(229)	501	(229)
Net actuarial Loss / (Gain) - due to changes in assumptions	(28)	264	(28)	264
	<b>473</b>	<b>35</b>	<b>473</b>	<b>35</b>
Benefits paid during the year	(940)	(863)	(940)	(863)
<b>Closing balance</b>	<b>6,792</b>	<b>6,632</b>	<b>6,792</b>	<b>6,632</b>

The Corporation operates an unfunded non-contributory employee gratuity arrangement (the "Arrangement"), which provides a benefit equal to nine months' salary plus passage allowance for employees with 10 or more years' service on their retirement at the age of 60 years. The arrangement qualifies as a defined benefits plan. As the arrangement is unfunded, benefits are paid out of the Corporation's internal cash reserves. Employees are not eligible to receive the benefit on cessation of employment for reasons other than retirement or death in service. The Corporation provides for normal retirement age of 60 years with voluntary

retirement at the age of 55 years. The amounts recognized in the statement of financial position are determined as follows:

	Consolidation		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
Present value of unfunded obligations	6,632	6,782	6,632	6,782
Unrecognized actuarial Loss (Gain)	160	(150)	160	(150)
Closing balance	<u>6,792</u>	<u>6,632</u>	<u>6,792</u>	<u>6,632</u>

**(b) Principal assumptions used**

The principle actuarial assumptions used were as follows:

	Consolidation		Separate	
	2023	2022	2023	2022
Discount rate (% p.a.)	10.00%	10.00%	10.00%	10.00%
Future salary increase (% p.a)	4.50%	4.50%	4.50%	4.50%
Mortality (pre-retirement)	KE0710	KE0710	KE0710	KE0710
Retirement age (years)	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>

**(c) Number of employees**

Opening balance	1,281	1,235	1,281	1,235
New entrants	31	144	31	144
Withdrawals	(15)	(29)	(15)	(29)
Death	(7)	(10)	(7)	(10)
Retirement	(77)	(68)	(77)	(68)
Omissions in previous periods	-	9	-	9
Closing balance	<u>1,213</u>	<u>1,281</u>	<u>1,213</u>	<u>1,281</u>

A quantitative sensitivity analysis for significant assumption as at 30 June 2023 is, as shown below:

**Significant actuarial assumptions**

Discount rate at 30 June	0.101	0.105	0.101	0.11
Future annual salary increases	0.045	0.05	0.045	0.05
Interest rate	0.035	0.04	0.035	0.04
Retirement age	60 years	60 years	60 years	60 years

**Sensitivity analysis**

The assumptions with the greatest impact on the results are:

**Discount rate:**

0.5% increase	572	599	572	599
0.5% decrease	566	593	566	593

**Future salary increases:**

0.5% increase	945	867	945	867
0.5% decrease	935	859	935	859

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following payments are expected contributions to the defined benefit plan in future years:

Within the next 12 months (next annual reporting period)	940	863	940	863
Between 2 and 5 years	3760	3452	3760	3452
Between 5 and 10 years	4700	4315	4700	4315
Beyond 10 years	9400	8630	9400	8630
Total expected payments	18800	17260	18800	17260

The average duration of the retirement benefit obligation at the end of the reporting period is 45.4 years (2022: 45.2years).

**Retirement benefits reserve**

This comprises of the retirement benefits obligation net re-measurement gains or losses including actuarial gains and losses which are recognized directly to this reserve through OCI in the period in which they occur. The reserve is not distributable to the members.

34 TRADE AND OTHER PAYABLES	Consolidated		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
Trade payables	156,488	155,343	156,488	155,343
International trade payables	54	54	54	54

Interconnect payables	861	474	861	474
Related party payables	10,978	-	11,162	120
Social security costs	330	222	330	222
Other statutory payroll deductions payable	6,457	3,503	6,453	3,498
Value Added Tax (VAT)	32,268	29,096	32,231	29,088
Regulatory costs	4,230	3,127	4,230	3,127
Suppliers' retentions	2,183	1,102	2,183	1,102
Dividend payable	503	503	503	503
Customer deposits and advances from customers	-	8	-	8
NICTBB payable	57,432	46,506	57,432	46,506
Other payables	2,279	636	2,133	464
Tax assessment Liability	43,221	39,295	43,221	39,295
Income Tax payable	2,627	3,526	2,611	33,516
	<b>319,911</b>	<b>283,395</b>	<b>319,892</b>	<b>283,320</b>

*Transfer from Legal to Tax assessment liability	3,927	-	3,927	-
--	-------	---	-------	---

During the financial year 2022/23, TTCL transferred TZS 3.9 billion from Provision for litigation to trade and other payables. The amount was relating to Tax cases which were removed from Tax Appeal Tribunal.

### 35 PROVISIONS

#### Legal claims

Opening balance	3,974	4,744	3,974	4,744
Additions during the year	438	-	438	-
Transfer to Tax assessment liability	(3,927)	-	(3,927)	-
Utilized/released	-	(770)	-	(770)
Closing balance	<b>485</b>	<b>3,974</b>	<b>485</b>	<b>3,974</b>

#### Asset Retirement Obligation

Opening balance	1,063	5,064	1,063	5,064
Impact of change in estimates	174	(4,001)	174	(4,001)
Closing balance	<b>1,237</b>	<b>1,063</b>	<b>1,237</b>	<b>1,063</b>

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

The provision for Asset Retirement Obligation relates to the estimated cost of dismantling network assets at the end of their useful lives.

## 36 RELATED PARTY TRANSACTIONS

During the year and as at year-end, the Corporation had transactions and balances with organization that is defined under IAS 24, "Related Party Disclosures" as related parties. The related party relationship arises from common shareholding.

The following transactions were carried out with related parties during the year:

	Consolidated 2023 TZS" mil	Consolidated 2022 TZS" mil	Separate 2023 TZS" mil	Separate 2022 TZS" mil
<b>Sale of services</b>				
TTCL PESA Limited	-	-	5,024	2,400
	-	-	5,024	2,400

Sales to related party were carried out on commercial terms and conditions as per contractual obligations. Sales to TTCL PESA Limited predominantly comprise of sales of vouchers in electronic form.

	Consolidated 2023 TZS" mil	Separate 2022 TZS" mil	Consolidated 2023 TZS" mil	Separate 2022 TZS" mil
<b>Purchase of services</b>				
TTCL PESA Limited	-	-	319	206
	-	-	319	206

The purchases from related party were carried out on commercial terms and conditions as per contractual obligations. The purchases from TTCL PESA Limited predominantly comprise of purchases of service to transfer e-value to TTCL staff during payments of transport and other allowance.

**Directors' fees and expenses**

The Corporation incurred expenses for the services provided by the Board of Directors in the form of fees and expenses (sitting allowances), as summarized below:

Name of director	Consolidated 2023 TZS" mil	Consolidated 2022 TZS" mil	Separate 2023 TZS" mil	Separate 2022 TZS" mil
Zuhura S. Muro	18	2	18	2
Mohammed Khamis Omar	-	4	-	4
Richard M. Mayongela	10	9	10	9
Nkoba Eliezer Mabula	10	9	10	9
Mwamini Tully	4	4	4	4
Onorius John Njole	10	9	10	9
Rajab Uweje Yakoub	10	9	10	9
Andulile Mwakalyelya	2	4	2	4
Edward Mallango	8	3	8	3

Yona Kilaghane	-	2	-	2
Agatha Keenja	2	1	2	1
Brig.Gen. Omari H.Majani	2	4	2	4
Brig.Gen. Method Matunda	5	-	5	-
Mtumwa Said Sandal	3	-	3	-
Brig. Gen. Ramadhani Addul Kimweri	12	12		
Fatuma Chilo	10	10		-
Maduhu Isaac Kazi	10	-		-
Mary Kinabo	10	-	-	-
Deogratius Charles Kwiyuka	10	8		
Waziri Waziri Kindamba	-	5		
	<b>136</b>	<b>95</b>	<b>83</b>	<b>60</b>

The fees paid to the directors are TZS 12,000,000 for chairperson and TZS 10,000,000 per director annually. The balance of the amount reported above relates to director's expenses. Some of the Board members were co-opted to serve specific committees of the Board.

#### Remuneration of key management personnel

Key management personnel are described as those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation, directly or indirectly, including the Director General of the Corporation.

	Consolidated 2023 TZS" mil	Separate 2022 TZS" mil	Consolidated 2023 TZS" mil	Separate 2022 TZS" mil
Salaries and wages	917	917	936	936
Social security contributions	147	147	119	119
	<b>1,064</b>	<b>1,064</b>	<b>1,055</b>	<b>1,055</b>

The following balances were due to/from related parties as at year-end:

#### Payables to related party

TTCL PESA Limited	-	-	184	120
Airtime disbursement	-	-	425	347
	-	-	<b>609</b>	<b>467</b>

### 37 COMMITMENTS

#### Capital commitments

Capital expenditure contracted for at the year-end but not recognized in the financial statements are as follows:

Property and equipment	40,295	5,938	40,295	5,938
------------------------	--------	-------	--------	-------

The capital commitments will be financed by both borrowing facilities and the Corporation's



internal resources.

### 38. Leases Agreement - International access

The Corporation maintains the following international and local interconnection services under lease agreements:

#### (i) SEACOM LTD

TTCL corporation has multiple Lease Agreement ongoing contracts with SEACOM ltd. The contracts are summarized below;

a) SEACOM submarine cable provides sea optical fibre link between TTCL Corporation interconnects with international administrations for a period of twenty years with effect from June 2009. TTCL Corporation pays charges for lease optical submarine fibre cable services as follows:

- Lease of USD 11,560,000 for 20 years. The amount was due and paid-up front; and
- Operation and maintenance charges of USD 346,800 per year paid quarterly

b) Another contract was entered into in 2022 for a period of 10 years effective from 30 May 2022. TTCL Corporation pays charges for IP Capacity services as follows:

- Lease of USD 500,000 for 10 years. The amount was due and paid-up front.
- Operation and maintenance charges of USD 15000 will be charged annually and is due and paid quarterly in advance.

c) Another contract was entered into in 2013 for a period of 10 years effective from 9 January 2013. TTCL Corporation pays charges for Capacity and IP transit services as follows:

- Lease of USD 3,800,000 for 10 years. The amount was due and paid-up front.
- Operation and maintenance charges of USD 114,000 is charged annually and is due and paid quarterly in advance.

d) Another contract was entered into in 2015 for a period of 10 years effective from July 2015. TTCL Corporation pays charges for Capacity and IP transit services as follows:

- Lease of USD 1,900,000 for 10 years the amount was due and paid-up

front.

### 39. (A) CONTINGENT LIABILITIES

#### TAX ISSUES

TTCL Corporation had an outstanding tax balance of TZS 14 billion as at 30 June, 2023 pending reconciliation with Tanzania Revenue Authority (TRA). The amount represents several tax liabilities for previous years. Reconciliation process has been initiated by both parties and expected to be completed in the financial year 2023/24.

#### (B) LITIGATIONS

As at 30 June 2023, the Corporation was a defendant in several 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 3.97 billion.

SN	DESCRIPTION	TZS	STATUS
1	TTCL VS Fidelis Msamila	-	No exposure
2	TTCL VS Justus Tihairwa	289,000,000	High
3	TTCL VS Redio Kija (Court of Appeal)	-	No exposure
4	TTCL VS Redio Kija (High Court)	16,000,000	Low
5	TTCL VS Alphonse Ivo Jumbe	5,500,000	High
6	TTCL VS Nicodemus Guraid Semu	106,000,000	Low
7	TTCL VS Saida Kaumo	-	No exposure
8	TTCL VS Tilisho Security Group Co.Ltd	143,125,000	Low
9	TTCL VS David Mwakatika	91,722,096	Medium
10	TTCL VS Richard Mbonile	-	No exposure
11	TTCL VS Mount Meru University	-	No exposure
12	TTCL VS Stanley S.Mwambulambo	191,000,000.00	High
13	TTCL VS Vitalis Shenyangwa	-	No exposure
14	TTCL VS Amborse K.V Okode	-	No exposure
15	TTCL VS ZTE	-	No exposure
16	TTCL VS Athumani Kungubaya	-	No exposure
17	TTCL VS TRA	3,926,044,099.80	High
	<b>Total cases with high risk</b>	<b>4,411,544,099.80</b>	
	<b>Previous balance of provision for litigation</b>	<b>3,973,374,099.80</b>	

### 40. ULTIMATE CONTROLLING ENTITY

The Corporation is controlled 100% by the Government of the United Republic of Tanzania through the office of Treasury Registrar.

41 INVESTMENT IN TTCL PESA	Consolidated		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
Capital to subsidiary	-	-	3,867	3,301
Addition investment	-	-	517	566
Total investment to TTCL PESA	-	-	4,384	3,867

The Corporation established TTCL PESA Limited as a subsidiary dealing with mobile money business on 4 July 2017. The subsidiary was established under the Company Act 2002 and it is full independent with its own Board, Management and employees. The subsidiary company is governed by the Bank of Tanzania under National Payment Systems Act 2015 and its regulations.

42 GRANTS	Consolidated		Separate	
	2023	2022	2023	2022
	TZS" mil	TZS" mil	TZS" mil	TZS" mil
<b>Opening balance</b>				
Government Grants	35,032	34,991	35,032	34,991
Customer Funded Projects	4,413	5,488	4,413	5,488
	39,445	40,479	39,445	40,479
<b>Restatement</b>				
Government Grants	-	(5,259)	-	(5,259)
Customer Funded Projects	-	(3,156)	-	(3,156)
	-	(8,415)	-	(8,415)
<b>Adjusted opening balance</b>	<b>39,445</b>	<b>32,064</b>	<b>39,445</b>	<b>32,064</b>
<b>Amount received during the year</b>				
Government Grants	2,602	15,855	2,602	15,855
Customer Funded Projects	1,952	2,360	1,952	2,360
<b>Total Amount Received</b>	<b>4,554</b>	<b>18,215</b>	<b>4,554</b>	<b>18,215</b>
Amortization	(4,346)	(10,834)	(4,346)	(10,834)
<b>Closing balance</b>	<b>39,653</b>	<b>39,445</b>	<b>39,653</b>	<b>39,445</b>
Government Grants	33,666	35,032	33,666	35,032
Customer Funded Projects	5,987	4,413	5,987	4,413
<b>Total</b>	<b>39,653</b>	<b>39,445</b>	<b>39,653</b>	<b>39,445</b>

TTCL receives grants from both Government entities and other entities in order to finance its capital expenditures. During the year under review the amount of grants received was TZS 4.5 billion as compared to TZS 18.22 billion received in the financial year 2021/22. Large part of this fund was received from UCSAF in order to finance rural telecommunications projects.

	Consolidated		Separate	
	2023	2022	2023	2022
<b>43 REVALUATION RESERVE</b>	TZS" mil	TZS" mil	TZS" mil	TZS" mil
At start of the year	199,338	193,312	199,338	193,312
Valuation during the year	-	6,026	-	6,026
At end of the year	<b>199,338</b>	<b>199,338</b>	<b>199,338</b>	<b>199,338</b>

TTCL Corporation conducted valuation of its additional buildings valued TZS 6.03 billion in the financial year of 2021/22.

	Consolidated		Separate	
	2023	2022	2023	2022
<b>44 ACCUMULATED LOSSES</b>	TZS" mil	TZS" mil	TZS" mil	TZS" mil
At start of the year	(340,231)	(282,430)	(338,548)	(280,654)
Prior year adjustments	-	(38,631)	-	(38,665)
Dividend paid	-	-	-	-
Profit for the year	(1,232)	(19,170)	(894)	(19,229)
At end of the year	<b>(341,463)</b>	<b>(340,231)</b>	<b>(339,442)</b>	<b>(338,548)</b>

**45. PRIOR YEAR ADJUSTMENTS**

During financial year ended 30 June 2023, TTCL Corporation have discovered errors on current year opening balances in line items of assets, liabilities and equity. Therefore, Management has decided to restate financial statements retrospectively as per IAS 8 Requirements. The effect of the restatement on TTCL financial statements are as summarized below: -

**Restatement on Statement of Comprehensive Income for the year ended June 2021/22**

	As Previous Stated		Adjustment		Restated	
	Consolidated TZS" mil	Separate TZS" mil	Consolidated TZS" mil	Separate TZS" mil	Consolidated TZS" mil	Separate TZS" mil
Revenue	-	-	-	-	-	-
Cost of sales	(86,698)	(87,074)	(248)	(248)	(86,946)	(87,322)
Gross profit	72,888	71,905	(248)	(248)	72,640	71,657
Other income	14,420	14,385	1,398	1,398	15,817	15,782
Net operating revenue	-	-	1,398	1,398	-	-
Operating expenses						
Network operational costs	(47,213)	(47,036)	(1,490)	(1,490)	(48,703)	(48,526)
General and Administrative expenses	(41,555)	(40,117)	46	46	(41,509)	(40,071)
	(88,768)	(87,153)	(1,444)	(1,444)	(90,212)	(88,597)
Operating profit/(loss)	(12,544)	(12,606)	(294)	(294)	(12,838)	(12,900)
Income tax expense	(876)	(869)	(3,580)	(3,580)	(4,456)	(4,449)
Operating profit/(loss)	(15,514)	(15,563)	(3,874)	(3,874)	(19,388)	(19,438)

## Restatement on Statement of Financial Position for the year ended June 2021/22

	Balance as at 01 July 2021						Movement During the FY 2022			Balance as at 30th June, 2022		
	Restated Amount		Separate		Consolidated		Separate		Adjustment		Restated	
	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil	TZS" mil
<b>ASSETS</b>												
Non-current assets	-											
Property, plant and equipment	348,466	348,454	(15,863)	(15,859)	(1,282)	(1,282)	(1,282)	(1,282)			331,321	331,313
Intangible assets	792	792	4,329	4,329	-	-	-	-			5,121	5,121
Cash and bank balances	17,289	17,105	26,840	25,888	-	-	-	-			44,129	42,993
Inventories	4,905	4,905	(981)	(981)	(166)	(166)	(166)	(166)			3,758	3,758
Trade and other receivables	25,955	24,745	28,774	28,855	-	-	-	-			54,729	53,600
Government trade receivables	77,642	77,662	(9,310)	(9,320)	-	-	-	-			68,332	68,342
Prepayments and deposits	1,044	1,044	3,135	3,135	-	-	-	-			4,179	4,179
Income tax recoverable	3,658	3,666	614	722	19	19	19	19			2,866	2,873
<b>Current liabilities</b>												
Trade and other payables	(243,378)	(243,518)	(39,793)	(39,576)	(244)	(244)	(244)	(244)			(283,415)	(283,338)
Asset retirement obligation	(5,064)	(5,064)	4,042	4,042	(41)	(41)	(41)	(41)			(1,063)	(1,063)
Deferred Tax Liability	-	-	-	-	(3,599)	(3,599)	(3,599)	(3,599)			3,619	3,619
Free Grants	(32,065)	(32,065)	(8,819)	(8,819)	1,439	1,439	1,439	1,439			(39,445)	(39,445)
<b>Equity</b>												
Accumulated losses	321,095	319,320	15,472	15,561	3,874	3,874	3,874	3,874			340,441	338,755
Revaluation reserves	(193,312)	(193,312)	(6,026)	(6,026)	-	-	-	-			(199,338)	(199,338)

## Restatement on Statement of Financial Position for the year ended June 2020/21

	Bal as at 30 June 2021		Adjustment		Balance as at 1 July 2021	
	As Previous Stated Consolidated	Separate TZS" mil	Consolidated TZS" mil	Separate TZS" mil	Consolidated TZS" mil	Restated Separate TZS" mil
<b>ASSETS</b>						
Non-current assets						
Property, plant and equipment	351,569	351,557	(3,104)	(3,104)	348,466	348,454
Intangible assets	708	708	84	84	792	792
Trade and other receivables	28,035	26,824	(2,080)	(2,080)	25,955	24,745
Prepayments and deposits	1,649	1,649	(605)	(605)	1,044	1,044
Government Trade Receivable	77,121	77,141	521	521	77,642	77,662
Cash and bank balances	17,289	17,105	(0)	(0)	17,289	17,105
<b>Equity</b>						
Accumulated losses	282,396	280,654	38,665	38,665	321,061	319,320
Revaluation Reserves	(193,312)	(193,312)	-	-	(193,312)	(193,312)
Free Grants	(40,479)	(40,479)	8,414	8,414	(32,065)	(32,065)
Customer Funded Projects	-	-	-	-	-	-
Trade and other payables	(201,448)	(201,622)	(41,896)	(41,896)	(243,344)	(243,518)

## 46: CASHFLOW RECONCILIATION

	Consolidated		Separate	
	2023 TZS" mil	2022 Restated TZS" mil	2023 TZS" mil	2022 Restated TZS" mil
<b>Receipt from Customers</b>				
Total Revenue	173,057	175,404	172,410	174,762
Impairment Provision	(10,330)		(10,330)	
Unrealised foreign exchange (gains)	(331)		(331)	
Decrease in Provision for Inventory	(706)		(706)	
Change in Government Receivables	(15,705)	10,437	(15,705)	10,441
Change on other Receivables	(15,491)	(28,774)	(15,141)	(28,855)
(Decrease)/Increase in deferred revenue	(10,293)	8,601	(10,293)	8,601
(Gain)/loss on disposal	(73)	-	(73)	-
Amortisation of Grants	(4,346)	(10,834)	(4,346)	(10,834)
<b>Cash received From Customers</b>	<b>115,782</b>	<b>154,834</b>	<b>115,485</b>	<b>154,115</b>
<b>Payments to Suppliers</b>				
Cost of Goods Sold	(74,736)	(86,946)	(74,746)	(87,322)
Change in trade and other payables	32,588	42,880	32,646	42,629
Change in inventories	(1,242)	1,149	(1,242)	1,149
Decrease/(Increase) in prepayments and deposits	(210)	(3,135)	(210)	(3,135)
Net unrealized foreign exchange gain	287	-	291	-
<b>Cash paid to suppliers</b>	<b>(43,313)</b>	<b>(46,052)</b>	<b>(43,261)</b>	<b>(46,679)</b>
<b>Operating Expenses</b>				
Sales and marketing expenses	(6,896)	(3,157)	(6,648)	(2,839)
Network operational costs	(27,266)	(35,938)	(27,266)	(35,938)
General and administrative expenses	(33,726)	(32,290)	(33,384)	(32,060)
Obsolete Stock	120	-	120	-
Depreciation of property and equipment	23,734	31,507	23,729	31,503
Amortisation of IRU	8,231	7,108	8,231	7,108
Valuation adjustment on retirement benefits obligation	627	678	627	678
Gain on change in ARO estimates	-	(3,323)	-	(3,323)



Amortisation of intangible assets	196	197	196	197
Increase in legal provisions	438	-	438	-
Impairment of debtors	4,662	(1,127)	4,670	(1,121)
Valuation adjustment on stock	-	-	-	-
Write off of property and equipment	628	-	628	-
Unrealised foreign exchange loss	-	129	-	129
<b>Cash paid to Operating Expenses</b>	<b>(29,252)</b>	<b>(36,216)</b>	<b>(28,658)</b>	<b>(35,666)</b>
<b>Cash Paid to employees</b>	<b>(33,485)</b>	<b>(29,696)</b>	<b>(33,085)</b>	<b>(29,288)</b>
Interest received	1,011	527	1,011	527
<b>Payment to other expenses</b>				
Interest paid	(217)	(307)	(217)	(307)
Dividend paid	-	-	-	-
Retirement benefits obligations paid	(940)	(863)	(940)	(863)
<b>Cash paid Other Expenses</b>	<b>(1,157)</b>	<b>(1,170)</b>	<b>(1,157)</b>	<b>(1,170)</b>
Current income tax paid	-	(1,758)	-	(1,758)
Net cash flows from operating activities	9,586	40,470	10,355	40,081
Net cash flows from operating activities - SOCF(D)	9,586	40,470	10,355	40,081
Net cash flows from operating activities SOCF(IN)	9,586	40,470	10,355	40,081

**47. EVENT AFTER REPORTING PERIOD**

On 30 October 2022 the Government announced its intention to transfer the ownership of NICTBB and NIDC to TTCL Corporation. Later, the Corporation received a letter from the Government indicating its final decision to transfer those National Strategic Infrastructures to TTCL effective from 20 November 2023. Therefore, the financial statements of TTCL Corporation for financial year 2023/24 will include financial data of both NICTBB and NIDC.

As a result of this decision, in the financial year 2023/24, total assets of the Corporation is expected to increase by more than TZS 400 Billion and TZS 105 Billion from NICTBB and NIDC respectively. Also, total revenue of the Corporation is expected to increase by more than TZS 20 billion and TZS 3 billion from NICTBB and NIDC respectively. In addition to that cost of sales is expected to decrease because of reduction of capacity costs derived from NICTBB contracts with TTCL. Operating costs of the Corporation are expected to increase by TZS 10 billion and TZS 1.5 billion from NICTBB and NIDC respectively. The figure of depreciation and amortisation of PPE and Intangible assets are expected to increase significantly as a result of transferring of NICTBB and NIDC assets to TTCL. Government receivables and payables on the side of TTCL Corporation are expected to decrease significantly as a result of decrease in NICTBB and NIDC receivables and payables. The Corporation is expected to continue with IRU obligations resulted from long term contracts of NICTBB and NIDC customers.

Generally, the decision is expected to significantly improve the financial performance and position of the Corporation from financial year 2023/24 onwards. The Government is expected to prepare the Transfer Deed for both NICTBB and NIDC which will disclose the total value of NICTBB and NIDC to be transferred to the Corporation.