

AFRICA TOWERS SERVICES LIMITED

UNAUDITED FINANCIAL STATEMENTS

31 DECEMBER 2016

AFRICA TOWERS SERVICES LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2016


	Notes	(Unaudited) 2016 KShs'000	(Unaudited) 2015 KShs'000
Revenue	3	2,178	286,832
Administrative expenses	4	(5,801)	(225,189)
Other operating expenses	5	(173)	(564)
Finance costs	6	<u>(2,324)</u>	<u>(8,716)</u>
Profit before taxation		(6,120)	52,363
Income tax expense		<u>-</u>	<u>(19,902)</u>
Profit for the year		(6,120)	32,461
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year.		(6,120)	32,461



Director

AFRICA TOWERS SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	(Unaudited) 2016 KShs'000	(Unaudited) 2015 KShs'000
ASSETS			
Non-current assets			
Office equipment	9	3	176
Long rental Term security deposit	10	-	-
		<u>3</u>	<u>176</u>
Current assets			
Prepayments and deposits	11	319	696
Cash and cash equivalents	12	13,700	25,373
Due from related parties	16(iv)	181,171	626,807
Income tax recoverable	18 (c)	-	-
		<u>195,190</u>	<u>652,876</u>
		<u>195,193</u>	<u>653,052</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Share capital	13 (a)	100	100
Retained earnings	13 (b)	<u>1,631</u>	<u>7,751</u>
Total equity		<u>1,731</u>	<u>7,851</u>
Current liabilities			
Accruals	14	12,413	14,498
Due to related parties	16(v)	-	443,720
Shareholder loans	17	181,049	180,731
Tax payable	18 (c)	-	<u>6,252</u>
		<u>193,462</u>	<u>645,201</u>
		<u>195,193</u>	<u>653,052</u>
TOTAL EQUITY AND LIABILITIES			



Director

AFRICA TOWERS SERVICES LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Ordinary share capital KShs'000	Retained earnings KShs'000	Total KShs'000
Year ended 31 December 2015			
At start of the year	100	(24,710)	(24,610)
Profit for the Year	<u>-</u>	<u>32,461</u>	<u>32,461</u>
At end of the year	<u>100</u>	<u>7,751</u>	<u>7,851</u>
Year ended 31 December 2016			
At start of the year	100	7,751	7,851
Profit for the Year	<u>-</u>	<u>(6,120)</u>	<u>(6,120)</u>
At end of the year	<u>100</u>	<u>1,631</u>	<u>1,731</u>



 Director

AFRICA TOWERS SERVICES LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 KShs'000	2015 KShs'000
OPERATING ACTIVITIES			
Cash generated from operations	15	(5,421)	(15,675)
Tax paid	18	<u>(6,252)</u>	<u>-</u>
		(11,673)	(15,675)
INVESTING ACTIVITIES			
Purchase of office equipment	9	-	-
FINANCING ACTIVITIES			
Shareholders loan		<u>-</u>	<u>40,722</u>
Net increase in cash and cash equivalents		(11,674)	25,047
Cash and cash equivalents at start of the year		<u>25,373</u>	<u>326</u>
Cash and cash equivalents at the end of the year	12	<u><u>13,700</u></u>	<u><u>25,373</u></u>



 Director

AFRICA TOWERS SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Africa Towers Services Ltd (the company) is incorporated in Kenya under the Kenyan Companies Act as a private limited liability company and is domiciled in Kenya. The address of the registered office is:

LR No. 209/1180,
 Parkside Towers,
 Mombasa Road,
 P.O Box 73146,
 City Square 00200,
 Nairobi.

2. BASIS OF PREPARATION

These special purpose financials of the company have been prepared in accordance with the International Financial Reporting Standards.

The Company has ceased operations and the management intends that they will progress with the liquidation of the company once all statutory requirements have been complied with. IAS1 – Presentation of Financial Statements and IAS10 – Events after the Reporting Date require that the financial statements should not be prepared on a going concern basis if management determines that it intends to liquidate the entity or to cease trading. The directors have considered an alternative basis of preparation but believe that IFRS as a basis for preparation best reflects the financial position and performance of the entity. The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given to whether any additional provisions are necessary as a result of the decision to deregister. It is expected that all assets will realise at least at the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

The shareholder intends to make good all liabilities and obligations of the Company except for the amounts due to the related parties. It is their intention to continue to provide financial and/or other support to the Company with a view to the Company being able to meet its liabilities.

	2016 KShs'000	2015 KShs'000
3 REVENUE		
Management fee charged to tower companies	<u>2,178</u>	<u>286,832</u>
The company charged management fee from its Operating TowerCo.		
4 ADMINISTRATIVE EXPENSES		
Employee costs (Note 8)	(5,102)	109,550
Professional fees	7,603	26,793
Audit fees	218	896
Other administrative costs	2,750	54,960
Rates & Taxes-Interest and others	<u>331</u>	<u>32,990</u>
	<u>5,801</u>	<u>225,189</u>
5 OTHER EXPENSES		
Depreciation	<u>173</u>	<u>564</u>
6 FINANCE COSTS		
Interest expense	4,649	4,724
Foreign exchange gain/loss	(2,355)	3,937
Other finance costs-bank charges	<u>30</u>	<u>55</u>
	<u>2,324</u>	<u>8,716</u>

AFRICA TOWERS SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

7 PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at the profit/(loss) before income tax:

	2016 KShs'000	2015 KShs'000
Depreciation on property, plant & equipment (Note 9)	173	564
Employee benefits expense (Note 8)	(5,102)	109,550
Auditor's remuneration	218	896

8 EMPLOYEE BENEFITS EXPENSE

The following items are included within employee benefits expense:

Salaries and wages	775	128,264
Other staff related costs	(5,880)	(20,369)
Social security costs - defined contribution plan	<u>3</u>	<u>1,655</u>
	<u>(5,102)</u>	<u>109,550</u>

Other Staff related cost includes reversal of excess annual performance bonus and ESOP Cost.

9 OFFICE EQUIPMENT
 As at 31 December 2016

	Office equipment KShs'000	Computer equipment KShs'000	TOTAL KShs'000
COST			
At 1 January	<u>905</u>	<u>1,347</u>	<u>2,252</u>
At 31 December	<u>905</u>	<u>1,347</u>	<u>2,252</u>
DEPRECIATION			
At 1 January	115	61	176
Charge for the year	<u>112</u>	<u>61</u>	<u>173</u>
At 31 December	<u>3</u>	<u>-</u>	<u>3</u>
NET CARRYING AMOUNT At 31 December	<u><u>3</u></u>	<u><u>-</u></u>	<u><u>3</u></u>

As at 31 December 2015

	Office equipment KShs'000	Computer equipment KShs'000	TOTAL KShs'000
COST			
At 1 January	<u>905</u>	<u>1,347</u>	<u>2,252</u>
At 31 December	<u>905</u>	<u>1,347</u>	<u>2,252</u>
DEPRECIATION			
At 1 January	530	982	1,512
Charge for the year	<u>260</u>	<u>304</u>	<u>564</u>
At 31 December	<u>790</u>	<u>1,286</u>	<u>2,076</u>
NET CARRYING AMOUNT At 31 December	<u><u>115</u></u>	<u><u>61</u></u>	<u><u>176</u></u>

AFRICA TOWERS SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

10 LONG TERM RENTAL SECURITY DEPOSIT

2016
KShs'000

2015
KShs'000

Rental Security deposit for more than 2 Years - -

11 TRADE AND OTHER RECEIVABLES

Prepayments 319 696

12 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

2016
KShs'000

2015
KShs'000

Cash and bank balances 13,700 25,373

13 (a) ORDINARY SHARE CAPITAL

Par Value
KShs

Ordinary Shares
KShs'000

Number of shares

Balance as at 31 December 2016 100 1,000 100

The total authorised number of ordinary shares is 100 with a par value of KShs 1,000 per share. All issued shares are fully paid.

(b) RETAINED EARNINGS

Ordinary share capital
KShs'000

Retained earnings
KShs'000

Total
KShs'000

Year ended 31 December 2016

At start of the year 100 7,751 7,851

Profit for the Year - (6,120) 6,120

At end of the year 100 1,631 1,731

14 OTHER PAYABLES

2016
KShs'000

2015
KShs'000

Accrued expenses 12,413 14,498

The carrying amounts of the above payables and accrued expenses approximate to their fair value due to their short term

15 CASH GENERATED FROM OPERATIONS

2016
KShs'000

2015
KShs'000

Profit before taxation (6,120) 52,363

Adjustments for:

Depreciation (Note 9) 173 564

Exchange loss on Shareholders Loan (Note No 17) 318 20,614

Changes in working capital (5,629) 73,542

Prepayments 377 6,673

Other financial assets - 350

Change in Related Party Balance 1,916 124,212

Payables and accrued expenses (2,085) (220,452)

Cash generated from operations (5,421) (15,675)

AFRICA TOWERS SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

16 RELATED PARTY TRANSACTIONS

The company is controlled by Africa Towers NV. The ultimate parent of the Group is Bharti Airtel International BV. There are other companies that are related to Africa Towers Services Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties which mainly includes reversal of management fee:

	2016 KShs'000	2015 KShs'000
i) Sales of goods and services		
Congo (RDC) Towers SPRL	1,130	116,382
Kenya Towers Limited	-	39,919
Madagascar Towers S.A.	418	26,291
Uganda Towers Limited	-	2,131
Rwanda Towers Limited	-	1,498
Burkina Faso Towers S.A.	-	3,852
T Chad Towers S.A.	-	4,109
Congo Towers S.A.	-	3,852
Gabon Towers S.A.	-	3,424
Ghana Towers Limited	-	3,350
Malawi Towers Limited	457	31,267
Niger Towers S.A.	-	3,669
Towers Supports Nigeria Limited	-	3,494
Airtel Towers (SL) Limited	-	3,424
Tanzania Towers Limited	-	3,625
Zambian Towers Limited	-	35,453
Africa Towers NV	<u>173</u>	<u>1,092</u>
	<u>2,178</u>	<u>286,832</u>
ii) Purchases of goods and Services		
Africa Uganda	910	-
Airtel Kenya	(7)	-
Africa Towers NV	10,434	7,555
Kenya Towers Limited	-	236
Bharti Airtel Services Ltd (BASL)	<u>(5,102)</u>	<u>19,462</u>
	<u>6,235</u>	<u>27,253</u>
iii) Key management compensation		
Short-term employee benefits	<u>71</u>	<u>149,251</u>

AFRICA TOWERS SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

16 RELATED PARTY TRANSACTIONS (CONTINUED)

	2016 KShs'000 Outstanding balances	2015 KShs'000 Outstanding balances
iv) Receivables from related parties		
Congo (RDC) Towers SPRL	-	457,869
Kenya Towers Limited	-	-
Madagascar Towers S.A.	-	114,752
Uganda Towers Limited	-	-
Rwanda Towers Limited	-	-
Burkina Faso Towers S.A.	-	-
T Chad Towers S.A.	-	-
Congo Towers S.A.	-	-
Gabon Towers S.A.	-	-
Ghana Towers Limited	-	-
Malawi Towers Limited	-	54,094
Niger Towers S.A.	-	-
Towers Supports Nigeria Limited	-	-
Airtel Towers (SL) Limited	-	-
Tanzania Towers Limited	-	-
Zambian Towers Limited	-	-
Africa Towers NV*	181,171	-
Bharti Airtel N.V.	-	71
Airtel Kenya Limited	-	21
	<u>181,171</u>	<u>626,807</u>
Others	-	-
	<u>181,171</u>	<u>626,807</u>
v) Due to related parties		
Africa Towers NV*	-	411,023
Airtel Networks Kenya Limited	-	1,315
Kenya Towers Limited	-	-
Airtel Uganda	-	97
Bharti Airtel Services Ltd (BASL)	-	31,285
	<u>-</u>	<u>443,720</u>

*Balance reflected against ATNV is after netting of the receivable and payable position. During FY 2016 all related party balances were transferred to ATNV due to the ongoing liquidation.

17 SHAREHOLDERS LOAN

At start of year	180,731	119,395
Proceeds from new shareholders' loans	-	40,722
Exchange loss on translation	<u>318</u>	<u>20,614</u>
At end of year	<u>181,049</u>	<u>180,731</u>

This is unsecured loan from Africa Towers NV bearing interest at the rate of 2.6% p.a

AFRICA TOWERS SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

18 TAXATION	2016 KShs'000	2015 KShs'000
a) Income tax expense		
Tax expense based on profit for the year as adjusted for tax purposes.		
Current income tax	-	<u>19,902</u>
Tax expense	<u>-</u>	<u>19,902</u>
The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
	2016 KShs'000	2015 KShs'000
Profit before taxation	-	52,363
Tax calculated at the statutory income tax rate of 30 % (2016 - 30 %) (A)	-	15,709
<u>Add tax effect of:</u>		
Expenses not allowable for tax purposes	-	26,626
Expenses allowable for tax purposes	<u>-</u>	<u>(22,433)</u>
Net tax effect of expenses not deductible for tax purposes	<u>-</u>	<u>4,193</u>
Income tax expense	<u>-</u>	<u>19,902</u>
c) Income tax recognized in the statement of financial statements		
Balance brought forward	6,252	(13,650)
Charge for the year	-	19,902
Payment during the year	<u>6,252</u>	<u>-</u>
Tax payable/(Refundable)	<u>-</u>	<u>6,252</u>