AIRTEL GHANA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

AIRTEL GHANA LIMITED

FINANCIAL STATEMENTS
31 DECEMBER 2016

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CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

GENERAL INFORMATION

DIRECTORS	Mr. Kwame Pianim (Chairman) Mr. Ato Ahwoi Mr. Kyeretwie Opoku Mr. Christian de Faria Mr. Christophe Soulet (Resigned -31 March 2016) Mr. Segun Ogunsanya (Appointed 22 April 2016) Mr. Jaideep Paul Mrs. Lucy Quist (Managing Director)
REGISTERED OFFICE	No.30 Independence Avenue 2 - 4 Floors, GNAT Heights North Ridge Accra
SECRETARY	Hannah Agbozo (Mrs.) House No. 44/22, Bintin Close, North Kaneshie Estates Accra
SOLICITORS	T. Forson P. O. Box AD 90 Adabraka - Accra Hse No 333/1 Osu Crossroads Castle Junction Accra
AUDITORS	Ernst & Young Chartered Accountants G15, White Avenue Airport Residential Area P. O. Box KA 16009 Airport - Accra Ghana
BANKERS	Ecobank Ghana Limited Cal Bank Limited Barclays Bank Ghana Limited United Bank for Africa Ghana Limited Access Bank Ghana Limited Standard Chartered Bank Ghana Limited Stanbic Bank Ghana Limited Bank of Baroda (Ghana) Limited Guarantee Trust Bank Ghana Limited.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
AIRTEL GHANA LIMITED

The Directors have the pleasure in presenting their report together with the consolidated financial statements of Airtel Ghana Limited and its subsidiary (the Group) for the year ended 31 December 2016.

Nature of business

Airtel Ghana Limited is a limited liability company whose principal activity is the provision of telecommunication services. Bharti Airtel Ghana Holdings B.V (formally Celtel Ghana Holdings B.V), the majority shareholder, is a private limited liability company existing under the laws of the Netherlands having its registered office in Hoofdorp, with the address Siriusdreef 17-27-2132, LR Hoofdorp.

Statement of directors' responsibility

The Directors are responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the Group. In preparing the financial statements, the Directors have selected suitable accounting policies, applied them consistently, made judgements and estimates that are reasonable and prudent and have followed the International Financial Reporting Standards (IFRS) and the provisions of the Companies Act, 1963 (Act 179).

The Directors are responsible for ensuring that the Group keeps proper accounting records that disclose with reasonable accuracy at any time the financial position, the financial performance and cash flows of the Group. The Directors are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud.

Recent developments

There has been an understanding between the parent companies of Airtel Ghana Limited and Tigo Ghana Limited to combine the operations of their subsidiaries in Ghana. Both parent companies would have equal ownership and governance rights in the combined entity.

Dividend

The Directors have not recommended the payment of any dividend during the year. (2015: nil).

Results

The results of the year are set out in the attached financial statements.

Auditors

Ernst & Young, Chartered Accountants, have indicated not to continue in office pursuant to section 134 (5) of the Companies Act, 1963, (Act 179).

Director

Date: 3/4/17

Director

Date: 3/4/17

Ernst & Young Chartered Accountants
G15, White Avenue
Airport Residential Area
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Airport Accra, Ghana

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRTEL GHANA LIMITED

Report on the financial statements

Opinion

We have audited the consolidated financial statements of Airtel Ghana Limited and its subsidiary (the Group) set out on pages 6 to 53 which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, its consolidated financial performance and its consolidated cash flows for the year ended, in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the provisions of the Companies Act, 1963 (Act 179).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 1963 (Act 179). which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Directors for the financial statements

Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and for such internal controls as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Group'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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 our 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation 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.

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We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit, we consider and report on the following matters. We hereby confirm:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books; and

iii) The balance sheet (statement of financial position) and profit or loss accounts (profit or loss section of the statement of profit or loss and other comprehensive income) of the Group are in agreement with the books of account.

Signed by Kwadwo Mpeani Brantuo (ICAG/P/1152)
For and on behalf of Ernst & Young (ICAG/F/2017/126)
Chartered Accountants
Accra, Ghana

Date: 3 April 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	THE GROUP		THE COMPANY	
		2016 GH¢'000	2015 GH¢'000	**2016 GH¢'000**	2015 GH¢'000
Revenue	4	**561,514**	515,253	556,351	512,623
Cost of sales	5	**(298,134)**	(264,119)	(298,134)	(264,119)
Gross profit		**263,380**	251,134	258,217	248,504
Other income	6	**9,420**	209,646	8,635	209,646
Sales and marketing expenses	7	**(20,273)**	(28,387)	(17,057)	(24,714)
Administrative expenses	8	**(471,083)**	(606,782)	(466,083)	(600,532)
Other operating expenses	9	**(2,829)**	(372)	(2,829)	(372)
Operating loss before tax		**(221,385)**	(174,761)	(219,117)	(167,468)
Finance cost - finance lease	10	**(12,375)**	(7,904)	**(12,375)**	(7,904)
Finance costs - loans and borrowings	10	**(22,664)**	(36,709)	**(22,664)**	(36,709)
Loss before tax		**(256,424)**	(219,374)	(254,156)	(212,081)
Tax expense	11	**-**	-	**-**	-
Loss after tax		**(256,424)**	(219,374)	(254,156)	(212,081)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**(256,424)**	(219,374)	(254,156)	(212,081)

Notes 1 to 34 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
Assets	**Notes**	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Non-current assets					
Property, plant and equipment	12	486,502	475,942	485,305	474,706
Intangible assets	13	43,332	34,370	43,332	34,370
Leased land payments	14	1,103	1,129	1,103	1,129
Investments	16	-	-	5,000	80
Total non-current assets		530,937	511,441	534,740	510,285
Current assets					
Taxation	11	967	914	967	914
Derivative financial assets	15	4,419	3,303	4,419	3,303
Inventories	17	2,469	6,407	2,469	6,407
Trade and other accounts receivable	18	125,287	183,785	149,263	224,555
Cash and bank balances	19	51,837	44,275	9,218	14,180
Total current assets		184,979	238,684	166,336	249,359
Total assets		715,916	750,125	701,076	759,644
Equity					
Stated capital	20	1,812,282	160,318	1,812,282	160,318
Retained earnings		(1,968,425)	(1,703,741)	(1,941,546)	(1,679,130)
Equity		(156,143)	(1,543,423)	(129,264)	(1,518,812)
Liabilities					
Non-current liabilities					
Government grant	21	-	444	-	444
Interest bearing loans and borrowings	22	114,224	179,052	114,224	179,052
Finance lease obligations	23	199,253	194,261	199,253	194,261
Provisions	25	64	64	64	64
Total non-current liabilities		313,541	373,821	313,541	373,821
Current liabilities					
Government grant	21	444	444	444	444
Interest bearing loans and borrowings	22	100,956	75,793	100,956	75,793
Finance lease obligations	23	20,958	19,744	20,958	19,744
Trade and other accounts payable	24	436,160	1,823,746	394,441	1,808,654
Total current liabilities		558,518	1,919,727	516,799	1,904,635
Total liabilities		872,059	2,293,548	830,340	2,278,456
Total equity and liabilities		715,916	750,125	701,076	759,644

The financial statements were approved by the Board of Directors and signed on its behalf by:

Director

Date: 3/4/17

Director

Date: 3/4/17

Notes 1 to 34 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

THE GROUP	Ordinary shares	Preference shares	Retained earnings	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
As at 1 January 2016	7,294	153,024	(1,703,741)	(1,543,423)
Subscribed shares - Acquisition	1,651,964	-	-	1,651,964
Share issue expense (Stamp duties)		-	(8,260)	(8,260)
Loss for the year	-	-	(256,424)	(256,424)
As at 31 December 2016	1,659,258	153,024	(1,968,425)	(156,143)
As at 1 January 2015	7,294	153,024	(1,484,367)	(1,324,049)
Loss for the year	-	-	(219,374)	(219,374)
As at 31 December 2015	7,294	153,024	(1,703,741)	(1,543,423)

THE COMPANY	Ordinary shares	Preference shares	Retained earnings	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
As at 1 January 2016	7,294	153,024	(1,679,130)	(1,518,812)
Subscribed shares - Acquisition	1,651,964	-	-	1,651,964
Share issue expense (Stamp duties)		-	(8,260)	(8,260)
Loss for the year	-	-	(254,156)	(254,156)
As at 31 December 2016	1,659,258	153,024	(1,941,546)	(129,264)
As at 1 January 2015	7,294	153,024	(1,467,049)	(1,306,731)
Loss for the year	-	-	(212,081)	(212,081)
As at 31 December 2015	7,294	153,024	(1,679,130)	(1,518,812)

Notes 1 to 34 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	THE GROUP 2016 GH¢ '000	THE GROUP 2015 GH¢ '000	THE COMPANY 2016 GH¢ '000	THE COMPANY 2015 GH¢ '000
OPERATING ACTIVITIES					
Loss before tax		(256,424)	(219,374)	(254,156)	(212,081)
Depreciation and amortisation	12,13,14	113,055	74,953	112,241	74,366
Profit on sale of asset held for sale	6	(6,074)	(203,064)	(6,074)	(203,064)
Share-based payment transaction expenses		230	(230)	230	(230)
Fair value gain on derivative instrument		(1,116)	(1,052)	(1,116)	(1,052)
Finance costs - finace lease		12,375	7,904	12,375	7,904
Finance costs- loans and borrowing		22,664	36,709	22,664	36,709
Interest Income		(1,744)	(850)	(959)	(850)
Interest expense paid		(16,072)	(44,348)	(16,072)	(44,348)
Net foreign exchange differences	8	116,991	300,496	116,570	300,067
Interest received		1,744	850	959	850
Government grant income		(444)	(444)	(444)	(444)
Increase in inventories		3,937	(5,069)	3,937	(5,069)
Decrease in trade and other accounts receivable		58,498	97,581	75,292	76,448
(Decrease)/increase in accounts payable		27,876	(64,477)	(3,250)	(97,712)
Tax paid	11b	(53)	(400)	(53)	(400)
Net cash used in operating activities		75,443	(20,815)	62,144	(68,906)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(119,620)	(180,221)	(118,845)	(180,221)
Purchase of Intangible assets		(15,408)	(14,701)	(15,408)	(14,701)
Receipt on sale of assets held for sale		-	289,119	-	289,119
Net cash used in investing activities		(135,028)	94,197	(134,253)	94,197
FINANCING ACTIVITIES					
Avaya finance lease		(755)	(730)	(755)	(730)
(Repayments)/ proceeds from finance lease		(18,587)	149,326	(18,587)	149,326
Repayment to BAIN BV		-	(539,746)	-	(539,746)
Advance from BAIN BV		163,354	548,483	163,354	548,483
Bank borrowings		-	86,356	-	86,356
Repayment of bank borrowings		(76,865)	(272,639)	(76,865)	(272,639)
Net cash from financing activities		67,147	(28,950)	67,147	(28,950)
Increase in cash and cash equivalents		7,562	44,432	(4,962)	(3,659)
Cash and cash equivalents at 1 January		44,275	(4,572)	14,180	17,839
Exchange difference on bank balances		-	4,415	-	-
Cash and cash equivalents as at 31 December	19	51,837	44,275	9,218	14,180

Notes 1 to 34 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

1. Corporate Information

Airtel Ghana Limited was incorporated in Ghana under the Companies Act, 1963 (Act 179) as a private limited liability company and is domiciled in Ghana. The address of its registered office is No.30 Independence Avenue, 2 - 4 Floors, GNAT Heights, North Ridge, Accra. The principal activity of the company continues to be the provision of telecommunication services. Bharti Airtel Ghana Holdings B.V (formally Celtel Ghana Holdings B.V), the majority shareholder, is a private limited liability company existing under the laws of the Netherlands having its registered office in Hoofdorp, with the address Siriusdreef 17-27-2132, LR Hoofdorp, Netherlands.

2. Basis of preparation

The financial statements of Airtel Ghana Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) ans also complies with the provisions of the Companies Act, 1963 (Act 179).

The financial statements have been prepared on a historical cost basis, except financial assets and liabilities that have been measured at fair value. The financial statements are presented in Ghana Cedi and all values are rounded to the nearest thousand, except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the reporting date and the reported amount of revenue and expenses during the period. However, actual outcome could differ from those estimates. Significant estimates and assumptions are included in Note 3.15.

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2016.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.
All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 Business combination under common control

Business combination under common control is a situation where all combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory'. Business combinations under common control are excluded from the scope of IFRS 3. Arguably, business combinations under common control are different from other business combinations because:

(a) they are directed transactions rather than arm's-length exchanges and therefore the transaction price might not be representative of the fair value of the transferred business; and

(b) the purpose of such transactions could be different from the purpose of business combinations that are not under common control.

IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors* - requires that in the absence of specific guidance in IFRS, management shall use its judgement in developing and applying an accounting policy that is relevant and reliable.
In making that judgement, in the absence of IFRS dealing with similar or related issues or guidance within the *Conceptual Framework for Financial Reporting ('Framework')*, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the *Framework* or any other IFRS or Interpretation

The the pooling of interest method includes:

- Assets and liabilities of the combining entities are reflected at their carrying amounts.

No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. The only adjustments that are made are to align accounting policies.

- No 'new' goodwill is recognised as a result of the combination.

The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity.

- The income statement reflects the results of the combining entities.

Details of the business combination under common control is provided in Note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

3.1 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Airtel Ghana Limited classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Inventories

Inventories are defined as assets held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the rendering of services. The Group's inventories primarily consist of cellular telephones, accessories, and SIM packs.

Inventories are measured at the lower of cost (determined on a first in first out ('FIFO') basis) and net realizable value. Inventory costs include purchase price, freight inwards and transit insurance charges and other directly attributable costs incurred in bringing inventories to present location and condition. Where appropriate, provision is made for slow moving, obsolete and defective stock based on management's estimates on the usability of those stocks.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3 Summary of significant accounting policies (continued)

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, rebates, VAT, service tax and duty. The Group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

Sales of goods
Revenue, net of discount, from sale of handsets is recognised on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realisation of consideration.

Service revenues
Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and internet usage charges, roaming charges, activation fees, processing fees and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls. Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes.

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Connection revenue and related direct activation costs, not exceeding the activation revenue, are deferred and amortised over the related estimated customer relationship period. The excess of activation costs over activation revenue, if any, are expensed as incurred.

Revenue relating to interconnect is recognised based on traffic from other Telecommunication's Networks in respect of calls and SMS that terminates on Airtel's network. The rate for this revenue is regulated by the National Communication Authority.

Revenue on customer loyalty is recognised on the basis of the fair value of the consideration received or receivable in respect of the initial sale allocated for award credits (points) and the consideration allocated to the award points is measured by reference to their respective fair value. If the Group supplies the awards, it recognises the consideration allocated to award points as revenue when award points are redeemed and the obligation to supply the awards is fulfilled. If a third party supplies the awards, the Group assesses whether it is acting in the capacity of a principal or agent in the transaction, in which case, it measures revenue as the net amount of the difference between the consideration allocated to the award points and the amount payable to the third party for supplying the awards. Where the award is supplied by the Group, it measures revenue as the gross consideration allocated to the award points and recognises the revenue when the obligation is fulfilled.

Subscriber acquisition costs are expensed as incurred

Revenues from national and international long distance operations comprise revenue from provision of voice services which are recognised on provision of services while revenue from provision of bandwidth is recognised as revenue as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Deferred revenue includes amount received in advance on pre-paid cards and advance monthly fees on post-paid. The related services are expected to be performed within the next operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

3 Summary of significant accounting policies (continued)

3.3 Revenue (continued)

Multiple element arrangements

The Group has entered into certain multiple-element revenue arrangements. These arrangements involve the delivery or performance of multiple products and services. The Group evaluates all deliverables in an arrangement to determine whether they represent separately identifiable components at the inception of the arrangement. The evaluation is done based on the criteria as to whether the deliverables in the arrangement have value to the customer on a standalone basis.

Total consideration related to the multiple element arrangements is allocated among the different components based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). When the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components on a residual value method.

3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of arrangement at inception date: whether 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, even if that right is not explicitly specified in an arrangement.

(a) Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Consequently, when an operating lease is terminated before the lease term has expired; any payment to the lessor that is required by way of penalty is recognized as an expense in the period in which termination takes place.

(b) Group as a lessor
Assets leased to others under finance leases are recognised as receivables at an amount equal to the net investment in the leased assets. The finance income is recognised based on the periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Lease rentals under operating leases are recognised as income on a straight-line basis over the lease term.

3 Summary of significant accounting policies (continued)

3.5 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. 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 respective assets. The Group capitalises borrowing costs on qualifying assets that takes more than one year to get ready for use. All other borrowing costs are expensed in the year they are incurred.

3.6 Provisions

General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingencies
Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Where the Group makes contributions into a separately administered fund for restoration, environmental or other obligations, which it does not control, and the Group's right to the assets in the fund is restricted, the obligation to contribute to the fund is recognized as a liability where it is probable that such additional contributions will be made.

Asset retirement obligation
Asset Retirement Obligations (ARO) are provided for those operating lease arrangements where the Group has a binding obligation at the end of the lease period to restore the leased premises to a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 Summary of significant accounting policies (continued)

3.7 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

3.8 Foreign exchange transactions

The financial statements are presented in Ghana cedi, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3.9 Impairment of non-financial assets

Property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable Cash Generating Units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Group evaluates impairment losses for potential reversals when events or circumstances may indicate such consideration is appropriate. The increased carrying amount of an asset shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

3.10 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

3 Summary of significant accounting policies (continued)

Deferred tax

Deferred tax is provided 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 recognised 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 surplus 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.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred 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.

Other taxes

Revenues, expenses and assets are recognised net of the amount of VAT except where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

The net amount of value added tax recoverable from, or payable to, the Ghana Revenue Authority is included as part of accounts receivable or accounts payable in the balance sheet or the statement of financial position.

3 Summary of significant accounting policies (continued)

3.11 Intangible assets

Intangible assets are those identifiable non-monetary assets without physical substance. They include those that are acquired separately by the Group including mobile licence fees, and other licence fees and software. Intangible assets are measured on initial recognition at cost and subsequently, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Licences are amortised over the useful life of the licence on a straight line basis from the effective date (mobile licence from commercial launch date) of the licence. Software is amortized from the date the asset is available for use. This closely reflects the expected pattern of usage of the future economic benefits embodied in the asset.

Estimated useful lives of the assets are as follows:

Items	Useful Life
Mobile licence	15 years
3G Spectrul licence	15 years
Fixed licence	20 years
IRU	15 years

The useful life and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method prospectively, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets. Intangible assets are derecognised when impaired or sold. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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3 Summary of significant accounting policies (continued)

3.12 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The initial cost of an item of PPE comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Costs also include cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. Capital work-in-progress is stated at cost.

The Group also enters into multiple element contracts whereby the vendor supplies plant and equipment and IT related services. These are recorded on the basis of relative fair value as property, plant and equipment. Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the statement of comprehensive income on the date of retirement and disposal. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life.

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

(c) Depreciation

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Land and capital work-in-progress are not depreciated. The attributable cost of each item of capital work-in-progress is transferred to the relevant asset category when the asset is available for use and is then depreciated accordingly. Estimated useful lives of the assets are as follows:

1.	Leasehold improvement: 20%. If the lease expires before 5 years, depreciation is computed over the actual useful life.	20%
2.	Network equipment	
	Active equipment: The elements include Base Transceiver Station, Base Station Controller, Mobile Switch Centre, Antennas, etc.	10%
	Passive equipment: The elements include towers, generators, air conditioners, shelters etc.	5 - 33.3%
3.	Computers	33.3%
4.	Office equipment, furniture and equipment	20%
5.	Residential furniture and equipment	33.3%
6.	Motor vehicles	20% - 33.3%

3 Summary of significant accounting policies (continued)

3.13 Financial Instruments:

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are recognised initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

3.13.1 Financial assets

Nature and subsequent measurement
The Group's financial assets include cash and bank, derivatives, trade and other receivables, and employee loans and receivables. After initial measurement, the subsequent measurement of financial assets depends on their classification as follows:

i. **Financial assets at fair value through profit or loss**
Financial assets at fair value through profit or loss include financial assets held for trading. The Group has not designated any financial assets upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the statement of comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

ii. **Financial assets measured at amortized cost**
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. Included in this classification are personal loans given to employees.

3 Summary of significant accounting policies (continued)

3.13.1 Financial assets

(a) Trade accounts receivable

Trade receivables are recognised initially at fair value as the invoice amount and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The Group deploys age analysis tools to track the payment pattern of customers. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively; the amount of provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off are included in other operating income in the statement of comprehensive income.

(b) Non-derivative assets

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

iii. Financial assets - Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

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

(c) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3 Summary of significant accounting policies (continued)

3.13.2 Financial liabilities

Nature and subsequent measurement
The Group's financial liabilities include trade payables and interest bearing loans and borrowings. All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification as follows:

i. Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the statement of comprehensive income.

ii. Financial liabilities measured at amortised cost
Interest bearing loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of comprehensive income.

Trade accounts payable
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

iii. Financial liabilities - Derecognition
A financial liability is de-recognised 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.13.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, 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 realize the assets and settle the liabilities simultaneously.

3 Summary of significant accounting policies (continued)

3.13.4 Derivative financial instruments - Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

3.13.5 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without deduction of any transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

i. Using recent arm's length market transactions.
ii. Reference to the current fair value of another instrument that is substantially the same.
iii. A discounted cash flow analysis or other valuation models.

3.14 Share based payment

The Group issues cash-settled share-based options to certain employees. These are measured at fair value on the date of grant. The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Group's estimates of the shares that will eventually vest. At the end of the each reporting period, until the liability is settled, and at the date of settlement, liability is re-measured at fair value, with any changes in fair value pertaining to the vesting period till the reporting date is recognised immediately in profit or loss.

Fair value is measured using Lattice-based option valuation model, Black-Scholes and Monte Carlo Simulation framework and is recognised as an expense, together with a corresponding increase in equity/ liability, as appropriate, over the period in which the options vest using the graded vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

3 Summary of significant accounting policies (continued)

3.15 Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, 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.

Estimates and assumptions

The preparation of the Group'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 adjustments to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statements line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statements line items below. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3 Summary of significant accounting policies (continued)

3.16 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are presented below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

The IASB has developed a new Leases Standard, IFRS 16, which supersedes IAS 17 Leases. The IASB worked jointly with the FASB on this project. The FASB expects to publish its new Leases Standard in early 2016.

The Group is required to apply IFRS 16 from 1 January 2019. The Group can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers.
The IASB and the FASB have reached the same conclusions in many areas of lease accounting, including requiring leases to be reported on the balance sheet, how to define a lease and how lease liabilities are measured.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.

If lease payments are made over time, the Group also recognises a financial liability representing its obligation to make future lease payments.

IFRS 16 also changes the nature of expenses related to those leases. IFRS 16 replaces the straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs). This change aligns the lease expense treatment for all leases.

The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

3 Summary of significant accounting policies (continued)

3.16 Standards issued but not yet effective (Continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 15 will have a material impact on the Group's reporting of revenue and costs as follows:
IFRS 15 will require the Group to identify deliverables in contracts with customers that qualify as "performance obligations". The transaction price receivable from customers must be allocated between the Group's performance obligations under the contracts on a relative stand-alone selling price basis.

The primary impact on revenue reporting will be that when the Group sells devices together with airtime service agreements to customers, revenue allocated to equipment and recognised when control of the device passes to the customer will increase and revenue recognised as services are delivered will reduce.

Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the balance sheet and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees.

Certain costs incurred in fulfilling customer contracts will be deferred on the balance sheet under IFRS 15 and recognised as related revenue is recognised under the contract. Such deferred costs are likely to relate to the provision of deliverables to customers that do not qualify as performance obligations and for which revenue is not recognised; currently such costs are generally expensed as incurred.

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4. Revenue

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Prepaid connections	214,248	132,953	214,249	132,953
Postpaid subscription	21,785	22,811	21,785	22,811
Airtime revenue	195,339	218,711	195,339	219,438
Roaming revenue	8,794	11,390	8,794	11,390
Interconnect revenue	112,957	121,240	112,957	121,240
Handset and data equipment sale	3,227	4,791	3,227	4,791
Money transfer	3,675	3,214	-	-
Bill payment	95	65	-	-
Float hold revenue	1,394	78	-	-
	561,514	515,253	556,351	512,623

5. Cost of sales

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost of sims	5,052	6,091	5,052	6,091
Cost of scratch cards	2,458	1,971	2,458	1,971
Interconnect costs	111,960	114,614	111,960	114,614
Cost of handsets and data equipment	3,900	5,963	3,900	5,963
Airtime discount	40,873	38,100	40,873	38,100
Roaming costs	4,956	5,400	4,956	5,400
Depreciation of network equipment	100,876	68,663	100,876	68,663
Other direct costs	28,059	23,317	28,059	23,317
	298,134	264,119	298,134	264,119

6. Other income

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Interest income	1,744	850	959	850
Profit on sale of scrap	9	-	9	-
Share site income	477	4,680	477	4,680
Gain on sale and leased back assets	6,074	203,064	6,074	203,064
Fair value gains on derivative	1,116	1,052	1,116	1,052
	9,420	209,646	8,635	209,646

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7. Sales and marketing expenses

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Advertising and promotional expenses	19,007	22,394	15,790	18,721
Other marketing expenses	1,266	5,993	1,267	5,993
	20,273	28,387	17,057	24,714

8. Administrative expenses

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Employee costs (Note 8a)	49,340	47,729	47,616	45,534
Network sites expenses	191,651	173,783	191,649	173,772
Exchange loss	116,991	300,496	116,570	300,067
Directors' fees	732	798	732	798
Audit fees	659	503	605	458
Regulatory fees	28,125	32,455	28,125	32,455
Office expenses and legal charges	26,348	7,428	26,164	7,136
Vehicle running costs	6,354	6,096	6,354	6,096
Office utilities	2,887	1,839	2,887	1,839
Residence expenses	398	425	398	425
Insurance costs	2,735	2,761	2,735	2,761
Training costs	1,623	1,840	1,623	1,840
Business travel expenses	2,025	1,621	1,774	1,119
Outsourcing costs (IT, CC, receptionists, drivers)	4,719	6,267	3,699	5,082
IT expenses	10,182	6,291	9,582	6,291
Other office expenses	4,760	6,213	4,813	5,225
Depreciation & amortisation	12,179	6,290	11,365	5,703
Bad debts	8,179	2,079	8,195	2,063
Corporate Social Responsibility (CSR)	506	590	506	590
Telephone, telex and postage	690	566	691	566
Loss on sale of scrap	-	712	-	712
	471,083	606,782	466,083	600,532

8a Employee benefits

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Wages and salaries	49,570	47,499	47,846	45,304
Share-based payment expenses	(230)	230	(230)	230
	49,340	47,729	47,616	45,534

Included in wages and salaries are remuneration for key management staff 2016: GH¢11,896,205 (2015: GH¢12,694,025).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. Other operating expenses

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Stock provisions	1,125	41	1,125	41
Provision for handset accessories- NRV based	1,704	331	1,704	331
	2,829	372	2,829	372

10. Finance costs

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Interest on debts and borrowings	22,664	36,518	22,664	36,518
Finance charges under finance leases	12,375	7,904	12,375	7,904
Unwinding of discount on provisions (Note 24)	-	191	-	191
	35,039	44,613	35,039	44,613

The interest costs relate to borrowing cost incurred on short term borrowing during the year. The short term borrowing was fully paid during the year.

11. Corporate tax

11a. Income tax expense

There was no income tax expense charged for the year (2015: nil).

11b. Corporation tax payable

Income tax expense

Year of assessment- withholding tax	Balances at 1 January GH¢ '000	Tax paid GH¢ '000	Charge for the year GH¢ '000	Balance at of 31 December GH¢ '000
2009	(154)	-	-	(154)
2010	-	-	-	-
2011	13	-	-	13
2012	(6)	-	-	(6)
2013	(141)	-	-	(141)
2014	(225)	-	-	(225)
2015	(401)		-	(401)
2016	-	(53)	-	(53)
	(914)	(53)	-	(967)

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11. Corporate tax (continued)

11c. Effective tax reconciliation

	2016 GH¢'000	2015 GH¢'000
Accounting loss before tax	(256,424)	(219,374)
Tax at statutory income tax rate of 25% (2015: 25%)	(64,106)	(54,844)
Non-deductible expense	64,106	54,844
	-	-

11d. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

	2016 GH¢'000	2015 GH¢'000
Accelerated depreciation	97,053	(50,310)
Provisions and unrealised exchange loss	(283,723)	178,556
	(186,670)	128,246

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which they can be realised.

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12a. Property, plant and equipment

THE GROUP

2016 Cost	Buildings & leasehold improvement GH¢ '000	Network equipment GH¢ '000	Furniture & office equipment GH¢ '000	Motor vehicles GH¢ '000	Capital Work in Progress GH¢ '000	Total GH¢ '000
Balance as at 1 January	9,346	574,239	90,230	212	189,651	863,678
Additions	1,092	91,578	18,591	77	8,282	119,620
At 31 December 2016	10,438	665,817	108,821	289	197,933	983,298
Depreciation						
Balance as at 1 January	4,452	297,791	85,284	209	-	387,736
Charge for the year	1,107	96,938	11,002	13	-	109,060
At 31 December 2016	5,559	394,729	96,286	222	-	496,796
Carrying amount						
At 31 December 2016	4,879	271,088	12,535	67	197,933	486,502
At 31 December 2015	4,894	276,448	4,946	3	189,651	475,942

Finance leases
Included in Network equipment is the carrying value of plant and equipment held under finance leases and hire purchase contracts as at 31 December 2016 of GH¢99,573,289 (2015: GH¢111,425,900). The amounts relating to the cost and accumulated depreciation as at 31 December 2016 are GH¢118,526,849 and GH¢18,953,560 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12b. Property, plant and equipment

THE GROUP

2015 Cost	Buildings & leasehold improvement GH¢ '000	Network equipment GH¢ '000	Furniture & office equipment GH¢ '000	Motor vehicles GH¢ '000	Capital Work in Progress GH¢ '000	Total GH¢ '000
Balance as at 1 January	7,818	563,825	87,417	212	63,856	**723,128**
Additions	1,528	32,907	17,537	-	128,249	180,221
Reclassifications	-	170,549		-	(170,549)	
Adjustment			(14,724)			(14,724)
Disposal	-	(20,845)	-	-	(4,102)	(24,947)
At 31 December 2015	9,346	746,436	90,230	212	17,454	**863,678**
Depreciation						
Balance as at 1 January	3,599	249,873	80,057	204	-	**333,733**
Charge for the year	853	65,262	5,494	5	-	**71,614**
Disposal	-	(19,884)	(267)	-	-	(20,151)
Classification to intangible assets	-	2,540	-	-	-	2,540
At 31 December 2015	4,452	297,791	85,284	209	-	387,736
Carrying amount						
At 31 December 2015	4,894	448,645	4,946	3	17,454	475,942
At 31 December 2014	4,219	313,952	7,360	8	63,856	389,395

Adjustments relates to credit note received on furniture and equipments previously capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12c. Property, plant and equipment

THE COMPANY

2016	Buildings & leasehold improvement GH¢ '000	Network equipment GH¢ '000	Furniture & office equipment GH¢ '000	Motor vehicles GH¢ '000	Capital Work in Progress GH¢ '000	Total GH¢ '000
Cost						
Balance as at 1 January	9,346	746,436	87,585	212	17,454	861,033
Additions	1,092	91,578	17,816	77	8,282	118,845
At 31 December 2016	**10,438**	**835,537**	**105,401**	**289**	**25,736**	**977,401**
Depreciation						
Balance as at 1 January	4,452	297,791	83,875	209	-	386,327
Charge for the year	1,107	96,938	10,188	13	-	108,246
At 31 December 2016	**5,559**	**394,729**	**94,063**	**222**	**-**	**494,573**
Carrying amount						
At 31 December 2016	**4,879**	**443,285**	**11,338**	**67**	**25,736**	**485,305**
At 31 January 2015	4,894	448,645	3,710	3	17,454	474,706

Finance leases
Included in Network equipment is the carrying value of plant and equipment held under finance leases and hire purchase contracts as at 31 December 2016 of GH¢ 99,573,289 (2015: GH¢ 111,425,900). The amounts relating to the cost and accumulated depreciation as at 31 December 2016 are GH¢118,526,849 and GH¢18,953,560 respectively.

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12d. Property, plant and equipment

THE COMPANY

2015	Buildings & leasehold improvement GH¢ '000	Network equipment GH¢ '000	Furniture & office equipment GH¢ '000	Motor vehicles GH¢ '000	Capital Work in Progress GH¢ '000	Total GH¢ '000
Cost						
Balance as at 1 January	7,818	563,825	86,049	212	63,856	721,760
Additions	1,528	32,907	17,537	-	128,249	180,221
Transfer to held for sale	-	170,549	-	-	(170,549)	-
Adjustment	-	-	(14,724)	-	-	(14,724)
Disposal	-	(20,845)	-	-	(4,102)	(24,947)
At 31 December 2015	9,346	746,436	88,862	212	17,454	862,310
Depreciation						
Balance as at 1 January	3,599	249,873	79,711	204	-	333,387
Charge for the year	853	65,262	4,907	5	-	71,027
Adjustment	-	-	214	-	-	214
Disposal	-	(19,884)	320	-	-	(19,564)
Classification to intangible	-	2,540	-	-	-	2,540
At 31 December 2015	4,452	297,791	85,152	209	-	387,604
Carrying amount						
At 31 December 2015	4,894	448,645	3,710	3	17,454	474,706
At 31 January 2014	4,219	313,952	6,338	8	63,856	388,373

Adjustments relates to credit note received on furniture and equipment previously capitalised.

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13.a Intangible assets

The movement on this account during the year was as follows:-

THE GROUP

2016	Fixed line license	Mobile license	Indefeasible right of use (IRU)	Total
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Cost				
Balance as at 1 January	1,840	37,330	13,985	53,155
Additions	-	-	15,408	15,408
At 31 December 2016	1,840	37,330	29,393	68,563
Amortisation				
Balance as at 1 January	1,773	16,359	653	18,785
Charge for the year	67	2,416	1,486	3,969
Classification to plant, property and equipment	-	-	2,477	2,477
At 31 December 2016	1,840	18,775	4,616	25,231
Net book value				
At 31 December 2016	-	18,555	24,777	43,332
At 31 December 2015	67	20,971	13,332	34,370

2015	Fixed line license	Mobile license	Indefeasible right of use (IRU)	Total
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Cost				
Balance as at 1 January	1,840	36,614	-	38,454
Additions	-	716	13,985	14,701
At 31 December 2015	1,840	37,330	13,985	53,155
Amortisation				
Balance as at 1 January	1,653	16,333	-	17,986
Charge for the year	120	2,372	847	3,339
Classification to plant, property and equipment	-	(2,346)	(194)	(2,540)
At 31 December 2015	1,773	16,359	653	18,785
Net book value				
At 31 December 2015	67	20,971	13,332	34,370
At 31 December 2014	187	20,281	-	20,468

13b. Intangible assets

THE COMPANY

2016	Fixed line license	Mobile license	Indefeasible right of use (IRU)	Total
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Cost				
Balance as at 1 January	1,840	37,330	13,985	53,155
Additions	-	-	15,408	15,408
At 31 December 2016	1,840	37,330	29,393	68,563
Amortisation				
Balance as at 1 January	1,773	16,359	653	18,785
Classification to plant, property and equipment	67	2,416	1,486	3,969
At 31 December 2016	-	-	2,477	2,477
At 31 December 2016	1,840	18,775	4,616	25,231
Net book value				
At 31 December 2016	-	18,555	24,777	43,332
At 31 December 2015	67	20,971	13,332	34,370

2015	Fixed line license	Mobile license	Indefeasible right of use (IRU)	Total
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Cost				
Balance as at 1 January	1,840	36,614	-	38,454
Additions	-	716	13,985	14,701
At 31 December 2015	1,840	37,330	13,985	53,155
Amortisation				
Balance as at 1 January	1,653	16,333	-	17,986
Charge for the year	120	2,372	847	3,339
Classification to plant, property and equipment	-	(2,346)	(194)	(2,540)
At 31 December 2015	1,773	16,359	653	18,785
Net book value				
At 31 December 2015	67	20,971	13,332	34,370
At 31 December 2014	187	20,281	-	20,468

13c. Intangible asset (continued)

(a) Fixed licenses

The Group acquired a 20 year license for fixed operations at a cost of US$100,000 in December 1996.

(b) Mobile licenses

In December 2009 the Group acquired a 15 year 3.5G mobile license for US$20.5 million and full payment was made before the launch of the 3.5G license in December 2009.

(c) Indefeasible Right of Use (IRU)

Within the course of the year, the Group entered into agreements with various parties to provide bandwidth capacity along various routes. The agreements took the form of Indefeasible Right of Use (IRU) and are expected to be in place for up to 15 years.

14. Leased land payments

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	GH¢'000	GH¢ '000	**GH¢'000**	GH¢'000
Cost				
Balance as 1 January	1,314	1,314	1,314	1,314
Additional	-	-	-	-
At 31 December	1,314	1,314	1,314	1,314
Accumulated amortisation				
Balance as 1 January	185	159	185	159
Charge for the year	26	26	26	26
At 31 December	211	185	211	185
Net book value at 31 December	**1,103**	1,129	**1,103**	1,129

The operating lease on the land expires on 31 July 2037.

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15. Derivative financial assets

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Non- current	-	-	-	-
Current	4,419	3,303	4,419	3,303
Total	4,419	3,303	4,419	3,303

Embedded derivatives

Bharti Airtel Limited (Bharti and/or its Affiliate entities) entered into an IT outsourcing arrangement ("the Contract") with IBM India Private Limited (IBM and/or its Affiliate entities) on 6 December 2010 effective from 1 December 2010 for a period of 10 years. Bharti Airtel includes both Africa and South Asia operations. Separate Transaction Agreements have been signed for different countries with IBM or its affiliates in different countries or group of countries. For each of the Africa foreign exchange option contracts (Opcos), separate transaction agreements have been signed with IBM Growth Markets LLC, US, of which functional currency is USD. These contracts have embedded foreign currency derivatives having economic characteristics and risks that are not closely related to those of the host contracts. These embedded foreign currency derivatives have been separated and carried at fair value through profit or loss. These embedded foreign exchange derivatives have also been bifurcated and the resultant gains are reflected in profit or loss account accordingly.

16. Investment in Airtel Towers Ghana Limited

Investments in Airtel Towers Ghana Limited was liquidated on 2 November 2016.

17. Inventory

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Trade stocks	6,423	12,413	6,423	12,413
Provision on inventories	(3,954)	(6,006)	(3,954)	(6,006)
	2,469	6,407	2,469	6,407

During 2016, GH¢11.4 million (2015: GH¢14 million) was recognised as an expense for inventories carried at net realisable value. This was recognised in cost of sales. No inventory was written off during the year.

20. Stated capital

The authorised shares are 1,200,000,000 (2015: 10,000,000) ordinary shares of no par value of which 882,302,026 (2015: 3,78,250) have been issued as follows:

	2016 Number issued	2016 Amount GH¢'000	2015 Number issued	2015 Amount GH¢'000
Preference shares	76,511,875	153,024	76,511,875	153,024
Ordinay shares Issued and fully paid for	3,878,250	7,294	3,878,250	7,294
Additional ordinary shares issued and subscribed shares	878,423,776	1,651,964	-	-
	882,302,026	1,659,258	3,878,250	7,294

Bharti Airtel Ghana Holdings B.V, the majority shareholder of Airtel Ghana subscribed for 878,423,776 on 1 November 2016 and was accepted and certified by the Registrar of Companies on 22 November 2016. Bharti Airtel Ghana Holdings B.V utilized their downstream funds in the past year of GH¢1,651,964,000 for the shares issued by the Company. Pursuant to the extended Rights Issue, the minority shareholder GNPC, has up to 31 March 2017 to acquire its portion of the shares (292,807,925).

21. Government grant

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	2016 GH¢'000	2015 GH¢'000
Balance as at 1 January	888	1,332	888	1,332
Utilised	(444)	(444)	(444)	(444)
As at 31 December	444	888	444	888
Current	444	444	444	444
Non-current	-	444	-	444

22. Interest bearing loans and borrowings

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢ '000	2016 GH¢ '000	2015 GH¢ '000
Bank overdraft	19,342	-	19,342	-
Bank loans	195,838	254,845	195,838	254,845
Total interest-bearing loans and borrowings	215,180	254,845	215,180	254,845
Non-current	114,224	179,052	114,224	179,052
Current	100,956	75,793	100,956	75,793
Total	215,180	254,845	215,180	254,845

Within the year the Group did not apply for a loan with any bank, but continued servicing it remaining facilities.

23. Finance lease obligations

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢ '000	2016 GH¢ '000	2015 GH¢ '000
Obligations under finance leases	220,211	214,005	220,211	214,005
Non-current	199,253	194,261	199,253	194,261
Current	20,958	19,744	20,958	19,744
Total	220,211	214,005	220,211	214,005

In 2015, Airtel Ghana sold 486 sites to Eaton Towers. Airtel Ghana maintained the portion to which their Active equipment were mounted. This portion has therefore resulted in the recognition of a finance lease obligation. The repayment for the 2016 financial year towards the obligation was GH¢18.5 million.

24. Trade and other accounts payable

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Trade accounts payable	53,679	9,121	51,811	8,447
Intercarrier payable	46,412	48,835	46,412	48,835
Other accounts payable and provisions	182,477	219,116	178,054	214,703
Intercompany payable	153,592	1,546,674	118,164	1,536,669
	436,160	1,823,746	394,441	1,808,654

25. Provisions

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January	64	-	64	-
Unwinding of discount	-	191	-	191
Transferred to liabilities held for sale	-	(127)	-	(127)
As at 31 December	64	64	64	64

Airtel Ghana makes full provision for the future cost of decommissioning mask facilities on a discounted basis on the installation of those facilities.

The provision represents the present value of decommissioning costs relating mask, which are expected to be incurred up to 2035. This is when the mask is expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the mask ceases to be economically viable.

The discount rate used in the calculation of the provision as at 31 December 2016 equalled 10% (2015: 10%).

26. Commitments and contingencies

Finance lease commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	THE GROUP				THE COMPANY			
	2016		2015		2016		2015	
	Minimum payments GH¢ '000	**Present value of payments GH¢ '000**	Minimum payments GH¢ '000	Present value of payments GH¢ '000	**Minimum payments GH¢ '000**	**Present value of payments GH¢ '000**	Minimum payments	Present value of payments
Within one year	33,139	19,728	40,285	33,139	35,554	19,728	40,285	32,809
After one year but not more than five years	132,556	130,557	66,961	132,556	183,579	130,557	66,961	57,807
More than five years	112,884	69,926	151,503	112,884	76,078	69,926	151,503	123,389
Total minimum lease payments	278,579	220,211	258,749	278,579	295,211	220,211	258,749	214,005
Less amounts representing finance charges	(58,368)	-	(44,744)	(58,368)	(75,000)	-	(44,744)	-
Present value of minimum lease payments	220,211	220,211	214,005	220,211	220,211	220,211	214,005	214,005

Operating lease commitments – Airtel Ghana Limited as lessee

The Group has entered into commercial leases on buildings and other assets. The lease terms are between three and five years. The Group has the option, under some of its leases, to lease the assets for additional terms of three to five years.
Future minimum rentals payable under non-cancellable operating leases are, as follows:

	THE GROUP		THE COMPANY	
	2016 GH¢'000	2015 GH¢'000	**2016 GH¢'000**	2015 GH¢'000
Within one year	6,357	2,920	6,357	2,920
After one year but not more than five years	607	2,938	607	2,938
More than five years	-	-	-	-
	6,964	5,858	6,964	5,858

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27. Financial risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.
The Group's risk management is managed by the Chief Executive Officer, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Short-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk which result from both its operating and financing activities.

Foreign currency sensitivity

Most of the Group's transactions are carried out in Ghana cedi. Exposures to currency exchange rates arise from the Group's purchases of equipment and loans, which are primarily denominated in US dollars (USD). To mitigate the Group's foreign currency risk, non-GHC cash flows are monitored in accordance with the Group's risk management policies.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities including embedded derivatives).

	Change in US$ rate	Effect on profit before tax
2016	-10%	11,699
	10%	(11,699)
2015	-10%	29,944
	10%	(29,944)

Interest rate sensitivity

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 loans of Airtel Ghana Limited attracted a fixed interest rate hence not affected by the fluctuation of interest of its profit and equity.

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27. **Financial risk management objectives and policies (continued)**
Credit risk analysis

Credit risk is the risk that counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by receivables from customers and placing deposits etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised below:

	THE GROUP		THE COMPANY	
Classes of financial assets - carrying amounts	**2016**	2015	**2016**	2015
	GH¢'000	GH¢000	**GH¢000**	GH¢'000
Trade and other receivable	**125,287**	183,785	**149,263**	224,555
Cash at bank and short term deposits	**51,837**	44,275	**9,218**	14,180
Total	**177,124**	228,060	**158,481**	238,735

The Group continuously monitors default of customers and other counterparty, identified either individually and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all of the above financial assets are of good credit quality. At 31 December the Group has certain trade accounts receivable that have not been settled by the contractual due date but are not considered to be impaired.

As at 31 December, the ageing analysis of trade accounts receivable for The Group is, as follows:

THE GROUP	Neither due nor impaired	Past due but not impaired			
		More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than one year	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
2016	**7,645**	**6,276**	**15,469**	**-**	**29,390**
2015	12,474	22,264	25,943	16,633	77,314

As at 31 December, the ageing analysis of trade receivables for the Company is, as follows:

THE COMPANY	Neither due nor impaired	Past due but not impaired			
		More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than one year	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
2016	**7,645**	**6,276**	**14,786**	**-**	**28,707**
2015	12,474	22,264	**25,399**	16,633	76,770

27. Financial risk management objectives and policies (continued)

In respect of trade and other accounts receivable, the Group is not exposed to any significant credit risk exposure to any single counterparty but it is exposed to all the banks collectively having similar characteristics. Based on historical information about customer default rates management neither consider the credit quality of trade accounts receivable that are neither past due nor impaired to be good.

Amounts disclosed above are the Group's maximum possible credit risk exposure in relation to these instruments.

Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled payments for liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to liabilities in order to determine headroom or any shortfalls.

The Group's objective is to maintain cash to meet its liquidity requirements for a 30-day period at a minimum. This objective was met for the reporting periods.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade accounts receivable. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

THE GROUP	On demand GH¢'000	Less than 12 months GH¢'000	1 to 5 years GH¢'000	Total GH¢'000
Interest-bearing loans and borrowing	-	83,920	114,224	198,144
Trade and other accounts payable	119,377	536,786	-	656,163
Year ended 31 December 2016	119,377	620,706	114,224	854,307

THE GROUP	On demand GH¢'000	Less than 12 months GH¢'000	1 to 5 years GH¢'000	Total GH¢'000
Interest-bearing loans and borrowing	-	75,959	375,263	451,222
Trade and other accounts payable	1,484,675	356,699	-	1,841,374
Year ended 31 December 2015	1,484,675	432,658	375,263	2,292,596

27. Financial risk management objectives and policies (continued)

Liquidity risk analysis

THE COMPANY	On demand GH¢'000	Less than 12 months GH¢'000	1 to 5 years GH¢'000	Total GH¢'000
Interest-bearing loans and borrowing	-	83,920	114,224	198,144
Trade and other accounts payable	117,453	496,994	-	614,447
Year ended 31 December 2016	117,453	580,914	114,224	812,591

THE COMPANY	On demand GH¢'000	Less than 12 months GH¢'000	1 to 5 years GH¢'000	Total GH¢'000
Interest-bearing loans and borrowing	-	75,959	375,263	451,222
Trade and other accounts payable	1,484,675	341,608	-	1,826,283
Year ended 31 December 2015	1,484,675	417,567	375,263	2,277,505

28. Related party disclosures

Share structure	Before 22 Nov 2016 shares	Before 22 Nov 2016 shares %	**Right issue of 1,171,231,701 shares**	After 22 Nov 2016 as Airtel has picked up their shares and GNPC has not yet .	After 22 Nov 2016 - shares
Airtel Bharti	2,908,688	75%		881,332,464	99.89%
GNPC	969,562	25%		969,562	0.11%
	3,878,250	100%		882,302,026	100%

GNPC has the opportunity to pick up their portion of the right issue of 292,807,925 shares by 31 March 2017 to reinstate the share structure back to 75% : 25%. The following are balances with the entity's related parties.

28.1 Amounts due from related parties

Year end balances arising from sale of goods and services.

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	GH¢ '000	GH¢ '000	**GH¢ '000**	GH¢ '000
Airtel DRC	-	284	-	284
Airtel Gabon	130	297	130	297
Airtel Burkina Faso	-	16,782	-	16,782
Airtel Tanzania	114	250	114	250
Airtel Nigeria	9,580	18,254	9,580	18,254
Airtel Niger	-	6,979	-	6,979
Airtel Malawi	-	101	-	101
Airtel Congo	-	60	-	60
Airtel Chad	184	1,005	184	1,005
Airtel B. V	1,865	9	1,865	9
Airtel Kenya	-	179	-	179
Airtel Sierra Leone	-	3,575	-	3,575
Airtel Uganda	-	127	-	127
Airtel Zambia	19	32	19	32
Airtel Madagascar	3	7	3	7
Airtel Towers	-	1,071	-	1,071
Airtel Mobile Commerce Ghana	-	-	42,007	13,932
Airtel Rwanda	57	110	57	110
BAL India	50,556	11,024	33,211	21,715
BAL Sri Lanka	-	1	-	1
	62,508	60,147	87,170	84,770

Bharti Airtel in June and July 2016 sold off its subsidiaries in Burkina Faso and Sierra Leone to France's Orange.

28.2 Amounts due to related parties

Year end balances arising from purchase of goods and services:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Airtel Congo	24	17	24	17
Airtel Niger	47,859	25,747	47,859	25,747
Airtel Malawi	1,184	1,059	1,184	1,059
Airtel Kenya	9,896	1,258	9,896	1,258
Airtel Uganda	2,022	-	2,022	-
Accruals/unbilled	30,080	33,904	(5,191)	23,899
Advance from parent company	62,527	1,484,689	62,370	1,484,689
	153,592	1,546,674	118,164	1,536,669

28.3 Compensation of those charged with Governance

Those charged with governance comprise of the directors of the Group. These key personnel are directly or indirectly responsible for the planning, directing and controlling of the group's activities.

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Short term benefits	12,628	13,492	12,628	13,492

The amounts disclosed above are the amounts recognised as an expense during the reporting period relating to those charged with governance. These key personnel are also granted share based payments which are issued at the group level and charged to Airtel Ghana Limited.

29. Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Group's financial assets and liabilities approximate its fair values and none of its non-financial assets or liabilities were measured or presented based on fair values.

30. Events after the reporting date

There has been an understanding between the parent companies of Airtel Ghana Limited and Tigo Ghana Limited to combine the operations of their subsidiaries in Ghana. Both parent companies would have equal ownership and governance rights in the combined entity.

The transaction is subject to obtaining approvals from the relevant authorities in Ghana and the satisfaction of customary closing conditions.

31. Contingent liabilities

There was no contingent liabilities as at the reporting date. (2015: Nil).

32. Business combination under common control

On 6 July 2015, the Bank of Ghana issued a Directive to Electronic Money Issues (EMI) to be a separate legal entity from the Telecom Operators with effect from 1 January 2016. The Directive also required the increasing of Equity of all EMI's to a minimum of GH¢5,000,000 which has been complied with. This has resulted in the preparation of Airtel Commerce financial statements as a full entity other than the preparation of financials for only the Subscriber Wallet held in Trust. Airtel Mobile Commerce (Ghana) Limited is 100% owned by Airtel Ghana Limited.

This has resulted in the pooling of interest accounting policy.

Airtel Mobile Commerce (Ghana) Limited was previously not consolidated due to an exemption from consolidation as utilized by the Parent.

The financial information in the consolidated financial statements also has comparative for periods prior to the combination under common control, to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements, regardless of the actual date of the combination. The difference between Airtel Ghana Limited's financial statements as shown in previous signed financial statements i.e 2015 and that of 2016 is the consolidation of the 2016 and 2015 figures respectively.

32. Business combination under common control (continued)

Financial statements as a comparative is detailed below:

	As previously reported - 2015 GH¢ '000	Now reported as consolidated - 2015 GH¢ '000	Consolidation elimination GH¢ '000
Total non-current assets	511,522	511,442	80
Accounted by;			
1. Investment in Towerco adjustment			(80)
Trade and Other Account Receivables	225,189	183,785	41,404
Accounted by;			
1. Due to GSM from Mobile Commerce related to stated capital			(75)
1. Net Due to GSM from Mobile Commerce related to operational expenditure.			(41,409)
3. Investment in Towerco Adjustment			80
Cash and bank balance	20,471	44,275	(23,804)
Accounted by;			
1. Airtel Wallet Trust balance seperately reported.			33,733
2. Wallet Balance Due to GSM			(9,929)
Trade and Other accounts payable	1,859,054	1,841,374	17,680
Accounted by;			
1. Due to GSM from Mobile Commerce related to stated capital.			75
2. Net Due to GSM from Mobile Commerce related to operational expenditure.			41,409
3. Wallet E Value liability earlier reported on Trust financial statements.			(23,804)

The difference above resulted from the consolidation of assets and liabilities which were previously reported in Airtel Mobile Commerce (Ghana) Limited financial statements now being consolidated.

33. Share base payments

The total carrying value of cash settled share based compensation liability was Nil as at 2016 (2015: GH¢734,567).

Movements during the year

The following table illustrates the number and Weighted Average Exercise Prices (WAEP) of and movements in share options during the year.

	2016 Number of shares options	2015 Number of shares options
As at 1 January	89,053	44,020
Granted	-	47,111
Exercised	-	-
Forfeited and expired	-	(2,078)
As at 31 December	89,053	89,053

The fair value of the options was estimated on the date of grant, based on the following weighted average assumptions:

Weighted average assumption	2016	2015
Risk free Interest rate	6.9-6.99%	6.9-6.99%
Expected life	10 to 17 months	10 to 17 months
Volatility	26.63%	26.63%
Dividend yield	0.63%	0.63%
Share price (INR)	350.9	350.9
Closing rate	66.2550	66.2550
Share price on the date of grant (USD)	5.29	5.29

34. Going concern

In 2016, the Group realized a net loss after income tax of GH¢256,424,000 for the year (2015: GH¢219,374,000). At 31 December 2016, retained earnings were (GH¢1,968,425,000) (2015:GH¢1,703,741,000) and the Group is in a net current liability position of GH¢373,539,000 (2015:GH¢1,681,043,000). The Group's directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources to continue in business into the foreseeable future. The directors are of the opinion that the Group is a going concern on the basis that:

- The Group has obtained a signed Letter of Comfort from the ultimate parent company, Bharti Airtel Netherlands (BV).-
- The directors expect that the Group will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is dependent on management achieving operational targets on subscriber numbers, churn rate and average revenue per user.
- The Group expects that it will obtain funds from third parties.
- The Group will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due.

The directors are confident that the funding mechanisms described above will be available to the Group to support its obligations as required.