AIRTEL TOWERS (SL) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

BDO

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GENERAL INFORMATION

Directors	**Dapo Olasope** **Pokala Sanjeet Kumar**
Secretary to the Board	**Haffie Haffner**
Solicitors	Basma & Macaulay 26 Main Motor Road Brookfields Freetown, Sierra Leone
Registered Office	Airtel House 25 Main Road Hill Station, Regent Freetown, Sierra Leone
Auditors	BDO 12 Wilberforce Street Freetown
Banker	Standard Chartered Bank (SL) Limited Freetown, Sierra Leone

REPORT OF THE DIRECTORS TO MEMBERS OF AIRTEL TOWERS (SL) LIMITED

The directors have the pleasure in presenting their report and financial statements of the operations of Airtel Towers (SL) Limited for year ended 31st December 2015.

Nature of Business

Airtel Towers (SL) is a Limited liability company whose principal activity is the provision of passive telecommunication infrastructure leasing services. Airtel Towers is a wholly owned subsidiary of Airtel (SL) Limited whose registered office is at 25 Main Road Hill Station Regent, Freetown, Sierra Leone.

Share Capital

The company has an authorised, issued and fully paid share capital of Le10 million divided into 100 ordinary shares of Le100,000 each.

Property, Plant and Equipment

During the year the company purchased no additional Telecom equipment or License Fee.

Result and Dividend

The results are set out on page 8 of the financial statements. The directors do not recommend payment of dividend.

Future Development

The company will continue to offer value added services to its customers with help of network development services including site acquisition, zoning and other regulatory approvals, tower construction and antenna installation in Sierra Leone.

Directors

The directors who held office during the year and up to the date of this report were:

Name	Position
Dapo Olasope	Chairman
Pokala Sanjeet Kumar	Executive Director

None of the directors had any interest in the issued and fully paid up shares of the company.

The board takes overall responsibility for the company, including the responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

The board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

REPORT OF THE DIRECTORS TO MEMBERS OF AIRTEL TOWERS (SL) LIMITED - CONTINUED

Directors – (Continued)

The board is required to meet at least four times a year (once every quarter). The board delegates the day to day management of the business to the Managing Director assisted by Senior Management. Senior Management is invited to attend board meetings and facilitates the effective control of all the company's operational activities, acting as a medium of communication and coordination between all the various business units. Major issues discussed during the meeting are:

- Performance Review
- Approval of Annual Plans
- Business Challenges

Shareholding of the Company

The shareholding of the company as at 31st December 2015 is as stated below:

Name of Shareholder	Number of Shares	% of Shareholding
Airtel (SL) Limited	100	100%

Risk Management and Internal Control

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

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

The efficiency of any internal control system is dependent on the strict observation measures. There is always a risk of non-compliance with such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the board with reasonable assurance that the procedures in place are operating effectively. The board assessed the internal control systems throughout the financial year ended 31st December 2015 and is of the opinion that they met accepted criteria. The board carries risk and internal control assessment through Board Audit Committee.

Solvency

The company state of affairs as at 31st December 2015 is set out on page 8 of the financial statements. The board of directors confirms that applicable accounting standards have been followed.

REPORT OF THE DIRECTORS TO THE MEMBERS OF AIRTEL TOWERS (SL) LIMITED - CONTINUED

Going Concern

As at 31st December 2015, the company made a net profit before income tax of Le 1,130 million (2014: profit of Le 30 million) for the year. However the company's current liability position is Le 1,575 million (2014: Le 4,001million).The Company may cease operations as management intends to proceed to liquidate same once all statutory requirements have been complied with.

However, the directors are confident that funds will be available to the company to support its obligations as required until liquidated (if this decision is implemented) and therefore deem it appropriate to present the financial statements on the going concern basis.

Auditors

In accordance with Section 308 of Sierra Leone Companies Act, 2009 a resolution of the company for the appointment of BDO as statutory auditors of the company is to be proposed at the forth-coming Annual General Meeting.

By Order of the Board

....
Haffie Haffner
Freetown, Sierra Leone
Secretary to the Board of Directors

Date 15/06/16

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL TOWERS (SL) LIMITED

Report on the financial statements

We have audited the financial statements of Airtel Towers (SL) Limited set out on pages 6 to 32, which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income and statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and Sierra Leone Companies Act, 2009. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Airtel Towers (SL) Limited as of 31 December 2015, and its financial performance and cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Sierra Leone Companies Act, 2009.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2 which indicates that the Company incurred a profit of Le954 million during the year ended 31 December 2015 and, as of that date, the Company's total liabilities exceeded its total assets by Le 1,028million. These conditions along with other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

BDO

BDO
Chartered Certified Accountants
Freetown, Sierra Leone

Date: 15/06/16

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income	**Notes**	**2015 Le million**	2014 Le million
Revenue	**9a**	**1,986**	-
Other Operating Expenses	**10a**	**(821)**	(73)
Gross Profit		**1,165**	(73)
Other Income	**9b**	**-**	103
Operating Profit		**1,165**	30
Finance Costs	**10b**	**(35)**	-
Profit before tax	**11**	**1,130**	30
Income tax expense	**14a**	**(176)**	-
Profit for the year		**954**	30
Other Comprehensive Income		**-**	-
Total Comprehensive Profit for the year		**954**	30

The notes on pages 12 to 32 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Assets	Notes	2015 Le million	2014 Le million
Non-Current Asset			
Property Plant and Equipment	16	-	649
Intangibles	16b	538	604
Total Non-Current Assets		538	1,253
Current Assets			
Cash and Bank Balances	12	9	9
Total Assets		547	1,262
Equity and Liabilities			
Equity			
Ordinary Share Capital	13	10	10
Retained Earnings		(1,038)	(2,749)
Total Equity		(1,028)	(2,739)
Current Liabilities			
Other Accounts Payable	17	1,399	4,001
Income tax liability	14d	176	-
		1,575	4,001
Total Equity and Liabilities		547	1,262

These financial statements were approved by the board members of Airtel Towers (SL) Limited on

.... 15/06/16 ....
Director **Director**

The notes on pages 12 to 32 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY (CONTIUED)

2015	**Share Capital Le million**	**Retained Earnings Le million**	**Total Equity Le million**
As at 1 January 2015	**10**	**(2,749)**	**(2,739)**
Movement during the year	-	**954**	**954**
Adjustment in opening retained earnings	-	**757**	**757**
As at 31 December 2015	**10**	**(1,038)**	**(1,028)**

2014	**Share Capital Le million**	**Retained Earnings Le million**	**Total Equity Le million**
As at 1 January 2014	10	(2,779)	(2,769)
Movement during the year	-	30	30
As at 31 December 2014	**10**	**(2,749)**	**(2,739)**

The notes on pages 12 to 32 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

	Notes	2015 Le million	2014 Le million
Net cash flow from Operating Activities	14	(651)	1,315
Net cash used in Operating Activities		(651)	1,315
Investing Activities			
Payment to acquire Property, Plant and Equipment	15	(651	651
Payment to acquire License	15b	-	665
Payment to acquire other Non-Financial Assets		-	-
Proceeds from the Disposal of Property, Plant and Equipment		-	-
Net cash used in Investing Activities		(651)	1,316
Financing Activities			
Proceeds from the Issuance of Ordinary Share Capital		-	-
Net cash used for Financing Activities		-	-
Net movement in Cash and Cash Equivalents		-	(1)
Cash and Cash Equivalents at the beginning of the year		9	10
Cash and Cash Equivalents at 31st December		9	9

The notes on pages 12 to 32 form an integral part of these financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Airtel Towers (SL) Limited is incorporated in Sierra Leone in accordance with the provisions of the Sierra Leone Companies Act, 2009 as a private limited liability company domiciled in Sierra Leone. The principal activity of the company continues to be the provision of passive telecommunication infrastructure leasing services.

2. Basis of Preparation

The financial statements have been prepared using historical cost basis, except for certain financial instruments that have being measured at fair value. The financial statements are presented in Sierra Leonean Leone (SLL-Le) rounded to the nearest millions.

- All assets have been assessed for impairment regardless of whether any indicators for impairment was identified and;
- All possible liabilities that might arise from the deregistration has been accrued for

Going Concern

As at 31st December 2015, the company made a net profit before income tax of Le 1,130 million (2014: profit of Le 30 million) for the year. However the company's current liability position is Le 1,575 million (2014: Le 4,001million).The Company may cease operations as management intends to proceed to liquidate same once all statutory requirements have been complied with.

However, the directors are confident that funds will be available to the company to support its obligations as required until liquidated (if this decision is implemented) and therefore deem it appropriate to present the financial statements on the going concern basis.

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and also comply with the provisions of the Sierra Leone Companies Act, 2009.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

3. Changes in Accounting Policies and Disclosures

3.1 New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS:

- IAS 1 Presentation of Financial Statements
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits (Revised)
- IFRS 7 Disclosures- Offsetting Financial Assets and Financial Liabilities
- IAS 27 Separate Financial Instruments (revised)
- IAS 28 Investments in Associates and Joint Ventures (revised)

The adoption of these standards or interpretations is described below:

IAS 1 Presentation of Financial Statements

Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the company's financial position or performance. The amendment became effective for annual periods beginning on or after 1st July 2012, but has not impacted the company's accounts as the company has no other comprehensive income.

IFRS 10 Consolidated Financial statements and Investment Entities Amendments

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation —Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. In addition, IFRS 10 includes an exception from consolidation for entities, which meet the definition of an investment entity, and requires such entities to recognise all investments at fair value through profit or loss. This standard has not impacted the company's accounts.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard has not impacted the financial statements of the company as the company has no such arrangements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the company's financial position or performance. This standard is effective for annual periods beginning on or after1st January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The standard has no material impact on the company's financial position and performance. This is standard effective for annual periods beginning on or after 1stJanuary 2013.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording, The amended standard has no impact on the staff cost of the company as the company only operates the defined contribution scheme. The amendment is effective for annual periods beginning on or after 1st January 2013.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments have no impact the company's financial position or performance.These amendments effective for annual periods beginning on or after 1st January 2013.

IAS 27 Separate Financial Statements (Revised)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This standard has not impacted the financial statements of the company.

IAS 28 Investments in Associates and Joint Ventures (Revised)

Following the adoption of IFRS 11 and IFRS 12, IAS 28 explains how to apply the equity method to investments in joint ventures in addition to associates. This revision to IAS 28 has no impact on the financial statements of the company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

4. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistent with those of the previous financial year, unless otherwise stated.

Management fee including pass through cost payable to ATNV and ATSL

Management have assessed the impact of the pending deregistration of the entity on the fair value of the management fee payable to ATNV and ATSL. Management expects that the realisation of any assets shall be insufficient to settle the management fee. Accordingly, ATNV and ATSL have waived the management fee outstanding and resulting in no amount payable towards the management fee

4.1 Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Sierra Leone Leones to the nearest million which is the company's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded in Sierra Leone Leones using rates of exchange ruling at the dates of transaction. Foreign exchange gains/losses resulting from the settlement of such transactions and from translations of monetary assets and liabilities at year end are recognised in the statement of comprehensive income.

4.2 Property, Plant and Equipment

Property, plant and equipment's are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognizes such parts as separate component of asset's with specific useful lives and provides depreciation over their useful life.

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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognised in the statement of comprehensive income.

Where assets are installed on the premises of customer (commonly called Customer premise equipment – "CPE"), such assets continue to be treated as PPE as the associated risks and rewards remain with the company and the management is confident of exercising control over them.

The company 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.

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 the statement of comprehensive income on the date of retirement and disposal.

Assets are depreciated to residual values on a straight-line basis over their estimated useful lives. The assets residual values and useful lives are reviewed at cash financial year end or whenever there are indicators for review, and adjusted prospectively. Land is not depreciated. Estimated useful lives of the assets are as follows:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

Categories	Period
Leasehold buildings	Term of Lease or 10/20 years as applicable, whichever is less
Telecom equipment excluding test equipment	8 years
Site builds equipment	15 years
Switching equipment	8 years
Testing equipment	4 years
Network equipment	3-20 years
Computer software and hardware	3 years
Furniture and office equipment	5 years
Motor vehicles	3 years

4.3 Intangible Assets

Intangible assets comprise of acquired licenses. Acquired licenses are measured on initial recognition at costs. Licenses have a finite useful life and are carried at costs less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of license over their estimated useful lives.

Intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible asset is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss taken to the statement of comprehensive income.

4.4 Leases

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

Company as a Lessee

Finance leases that transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property 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 as part of in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company 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 operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

4.4 Leases - Continued

Embedded Leases

All take-or-pay contracts are reviewed at inception to determine whether they contain any embedded leases. If there are any embedded leases, they are assessed as either finance or operating leases and accounted for accordingly.

Company as a Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of an 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 basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in first out basis and includes additional expenses with respect to the cost of transport and handling.

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

4.6 Employment Benefits

Retirement Benefit Obligations

All company national employees are members of the National Social Security Insurance Trust (NASSIT) which is a defined contribution plan. A defined contribution plan is a pension which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The company and employees both contribute 10% and 5% of the employees' gross salaries to NASSIT. The contributions are recognised as employee benefit expense when they are due.

Other Entitlements

The estimated monetary liability for employees' accrued annual entitlement at the date of the statement of financial position is recognised as an accrued expense.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

4.7 Taxation

Current Income Tax

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

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

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 profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.8 Financial Instruments – Initial Recognition and Subsequent Measurement

Financial Assets Initial Recognition and Measurements

Financial assets are recognised initially at fair value.

Subsequent Measurement

For the purposes of measurement after initial recognition, financial assets are classified in accordance with the various categories in IAS 39. The company's financial assets include cash and short-term deposits, trade and other receivables and subsequent measurement is as follows:-

Cash and Cash equivalents

Cash and cash equivalents comprise bank balances, cash and short-term deposits with an original maturity of three months or less.
For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand and at bank as defined above, net of outstanding bank overdrafts.

Trade Accounts Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment. A provision for impairment of trade accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive income within the cost of sales. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amount previously written off are credited against the cost of sales in the statement of comprehensive income.

Impairment of Financial Assets

The company 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, and only 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 debtor 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 measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

Derecognition

A financial asset is derecognised when the rights to receive cash from the asset have expired, or the company has transferred it right to receive cash flows from the asset and the transfer for derecognition.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction cost.

Subsequent Measurement

The company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and their subsequent measurement is as follows:-

Trade and Other Payables

Trade and other payables are of short duration with no stated interest rate and are measured at original invoice amount.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowing are subsequently measured at amortised costs using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are in an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

Offsetting of 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 realise the assets and settle the liabilities simultaneously.

5. Significant Accounting Judgements, Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

5.1 Critical Accounting Estimates and Assumptions

Property, Plant and Equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in note 4.2

Receivables

Critical estimates are made by the directors in determining the recoverable amount of impaired receivables.

5.2 Critical Judgements in applying the Entity's Accounting Policies

In the process of applying the company's accounting policies, management has made judgements in determining whether assets are impaired or not.

6. Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing of standards and interpretations issued are those that the group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The company intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1st January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1st January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the company's financial assets, but will not have an impact on classification and measurements of the company's financial liabilities. The company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1st January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the company as the company has no such arrangements.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1st January 2014. These amendments are not expected to be have a material impact to the company.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1st January 2014. The company does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting– Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1st January 2014. The company has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36.In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1stJanuary 2014 with earlier application permitted, provided IFRS 13 is also applied. The company does not expect that this amendment will have a significant impact on its financial statements.

7. Financial Risk Management

The company's activities expose it to a variety of financial risks, the effects of foreign currency exchange rate and interest rate. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the company does not hedge any risks. Risk management is carried out by the finance department of the company using approved policies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

Foreign Exchange Risk

The company's exposure to foreign exchanges risk arises from imports of network equipment that are quoted in foreign currency. The company is not employing any means of hedging against foreign currency risk but mitigate the risk by making prompt payments and buying foreign currencies whenever the rates moves in its favour. Furthermore, currency exposure arising from liabilities denominated in foreign currencies is managed primarily through holding of certain bank balances in the relevant foreign currencies.

Credit Risk

Credit risk is the risk that one party to the financial instrument will fail to discharge an obligation causing the other party to incur financial loss. Financial assets, which potentially subject the company to credit risk, consist mainly of cash at bank, deposits held by banks as well as trade and other receivables.

The company manages the risk by banking with high credit rating financial institutions. Credit risk with respect to accounts receivables is limited through scrutiny before offering the service, barring from service when the debts become doubtful and using experienced collection agencies.

The amount that best represents the company maximum exposure to credit risk at 31st December 2015 is made up as follows:

	2015	2014
	Le million	Le million
Cash at bank and deposits	**9**	9
Trade accounts receivable	-	-
Receivables from related parties	-	-
Other accounts receivable	-	-
	9	9

The company does not grade the credit quality of receivables. All the receivables that are neither past due or impaired are within their approved limits and no receivables have had their terms renegotiated.

Generally, receivables past due by more than 90 days are considered to be fully impaired, and are carried at their estimated recoverable value, except interconnect receivables.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

Cash Flow and Fair Value Interest Rate Risk

The company's income and operating cash flows are substantially independent of changes in interest rates. The company's interest rate arises from longer-term borrowings, interest on its term loan and the overdraft facilities change with LIBOR, which fluctuates from time to time. Exposure to interest rate risk is not hedged, but from time to time the company negotiates with the bank on its prime lending rate.

The company's interest rate risk arises from long and short-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk where necessary the company refinances its borrowings in order to ensure its borrowing terms remain competitive.
The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The company aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the company's liquidity reserves (comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow).

Capital Risk Management

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the company may limit the amount of dividend paid to its shareholders.

The company monitors capital on the basis of the gearing ratio is calculated as net debt divided by total capital. Net debt is defined as total borrowings (including current and noncurrent borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. The company however targets to maintain a gearing ratio at 60%.

	2015	2014
	Le million	Le million
Total borrowings	**-**	-
Less: Cash and cash equivalents (Note 12)	**9**	9
Net debt	**(9)**	(9)
Share capital	**10**	10
Total equity	**(852)**	(1,982)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

8. Commitments

There were no capital commitments as at 31stDecember 2015 (2014: nil).

9a. Revenue

	2015 Le million	2014 Le million
Management fees and other re-charges	**1,986**	-
	1,986	-

9b. Other Income

	2015 Le million	2014 Le million
Foreign exchange gain	-	103
	-	103

10a. Other Operating Expenses

	2015 Le million	2014 Le million
Audit fees	**11**	10
Depreciation	**(2)**	2
Amortization – License	**66**	61
License Fees	**746**	-
	821	73

10b. Finance Costs

	2015 Le million	2014 Le million
Other finance costs – bank charges	**35**	-
	35	-

11. Profit/Loss before Tax

The following items have been charge/credited in arriving at the loss before income tax:

	2015 Le million	2014 Le million
Profit/Loss before tax	**1,130**	30
	====	====
Depreciation	**64**	2
Audit Fees	**11**	10

12. Cash and Cash Equivalents

	2015 Le million	2014 Le million
Cash and bank balances	**9**	9
	====	====

13. Ordinary Share Capital

Ordinary Share Capital	**Number of shares**	**Par value**	**Ordinary shares**
Balance as at 31 December 2015	100	100,000	100
	===	======	===

The total authorised number of ordinary shares is 100 with a par value of SLL 100,000 per share.

14. TAX ACCOUNT

	2015 Le'000	2014 Le'000
(a) Current tax expense		
Current year at 30% (2014 - 30%)	176	-
	176	-
Deferred tax expense		
Origination and reversal of temporary differences	163	-
Reconciled balance	339	-
Reconciliation of opening position	(945)	-
Derecognition of deferred tax	782	-
	176	-
(b) Reconciliation of effective tax rate		
Profit before income tax	1,130	-
Income tax on profit before tax	339	-
Tax impact of permanent differences:		
Tax incentives	-	-
Non-deductible expenses	-	-
Non-deductible income	-	-
	339	-
(c) Deferred Tax account		
Balance at 1 January		
Charge/(credit) for the year	(782)	-
Deferred tax recognised	782	-
Balance at 31 December	-	-

(d) Income tax account

Balance at 1 January	-	-
Charge for the year	**176**	-
	176	-
Payment during the year	-	-
Additional tax-Prior year adjustment	-	-
Balance at 31 December	**176**	-

15. Net Cash Flow from Operating Activities

Reconciliation of profit before taxation to net cash generated from operating activities:

	2015 Le million	2014 Le million
Profit before taxation	**1,130**	30
Adjustment in opening retained earnings	**757**	-
Adjustments for:		
Unrealised exchange gains/losses	**-**	-
Change in operating assets and liabilities	**-**	-
Depreciation	**(2)**	2
Amortization of license	**66**	61
Change in other payable	**(2,602)**	1,222
	(651)	1,315

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD)

16. Property Plant and Equipment

	Telecom Equipment Le million	Total Le million
Cost of valuation:		
As at 1 January 2015	651	651
Additions	-	-
Transfers	(651)	(651)
As at 31 December 2015	-	-
Depreciation:		
As at 1 January 2015	2	2
Charge for the year	(2)	(2)
As at 31 December 2015	-	-
Net Book Value:		
As at 31 December 2015	-	-
As at 31 December 2015	-	-

16b. Intangibles

	ISP Licence Le million	Total Le million
Cost of valuation:		
As at 1 January 2015	665	665
Additions	-	-
Transfers	-	-
As at 31 December 2015	665	665
Amortisation:		
As at 1 January 2015	61	61
Charge for the year	66	66
As at 31 December 2015	127	127
Net Book Value:		
As at 31 December 2015	538	538
As at 31 December 2014	604	604

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

17. Other Accounts Payables

	2015 Le million	2014 Le million
Intercompany payables	**1,369**	3,782
Accrued expenses	**30**	20
Other Payables	-	199
	1,399	4,001

18. Presentation Currency

These financial statements are presented in Sierra Leonean Leone (SLL - Le).

19. Contingent Liabilities

There were no contingent liabilities as at 31st December 2015 (31 December 2014: Nil).

20. Related party transactions and Interests of Directors

No director during the year had/have material interest in any contract or arrangement of significant to which the company was or is a party. Transactions with Airtel (SL) Limited and other related companies were mainly the procurement of materials, contracting consultants and provisions of funds to meet cash flow requirements. Related parties transactions are made on terms equivalent to those that prevail in arm's length transactions.

Details of significant transactions carried out during the year with related parties are as follows:

	2015 Le million	2014 Le million
Intercompany payables	**1,369**	3,025
Others	-	757
	1,369	3,025

IC Vendor name	Amount	Nature of transactions
Africa Tower Services Limited	-	
Africa Towers N.V.	-	
Airtel Sierra Leone	1,369	Operational Expenses paid on behalf of Towerco
Total	**1,369**	

The fair value of the amounts due to related parties is determined using the Discounted Cash Flow Model. Management uses unobservable inputs which include the estimated cash flows upon realisation of assets reduced by external liabilities upon deregistration of the entity. The estimated present value of these expected cash flows are considered to be below carrying value and therefore the fair value of the amounts due to related parties is considered to be negligible.

21. Events after the Reporting Date

The owners of the Company, Airtel (SL) Limited are in talks for the sale of their interest (in Airtel Towers (SL) Limited) to another operator. It is expected that the new owners will determine the strategic direction of the Airtel operations and its activities.

There is no indication at this point in time that such a review of strategy will affect the operation or existence of Airtel Towers (SL) Limited save for the fair propensity that the company may be liquidated.