AIRTEL TOWERS (SL) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

TABLE OF CONTENTS

PAGE REFERENCE

GENERAL INFORMATION

Directors	Sudipto Chowdhury **Appointed 1st February 2014** Nishant Mohan RVS Bhullar **Resigned 1st February 2014**
Secretary to the Board	Gerald Cole
Solicitors	Basma & Macaulay 26 Main Motor Road Brookfield's Freetown, Sierra Leone
Registered Office	Airtel House 25 Main Road Hill Station, Regent Freetown, Sierra Leone
Auditors	BDO Regent House 12 Wilberforce Street Freetown
Bankers	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 2014.

Nature of Business

Airtel Towers (SL) Limited is a limited liability company whose principal activity is the provision of passive telecommunication infrastructure leasing services. Airtel Tower 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 telecoms equipment amounting to Le651 million and a License Fee of Le665 million

Results 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
Sudipto Chowdhury	Chairman (Appointed 1st February 2014)
RVS Bhullar	Chairman (Resigned 1st February 2014)
Nishant Mohan	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 2014 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 ongoing 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 of 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 2014 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's state of affairs as at 31st December 2014 is set out on page 9 of the financial statements. The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

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

Going Concern

As at 31st December 2014, the company made a net loss before income tax of Le30 million (2013: loss of Le2,753 million) for the year. The directors are currently evaluating the transaction of Airtel Towers (SL) Limited to ensure that there will not be any disruption in business once operation commences. It is anticipated that the operation of the company will commence once the management has dealt with all aspects of the transition from Airtel SL Limited.

The company's current liability position is Le4,001 million (2013: Le2,779 million). The operations of the company continue to depend on sources of financing from Africa Towers NV and Bharti Airtel International (Netherlands) B.V.

Directors' Report and Financial Statements

The directors are confident that funds will be available to the company to support its obligations as required and therefore appropriate to present financial statements on the going concern basis.

Auditors

In accordance with Section 308 of the Companies Act, 2009 a resolution 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

.... Date: 25th September 2015

Gerald Cole
Freetown, Sierra Leone
Secretary to the Board of Directors

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 8 to 25, which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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 the 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 auditors' 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 controls 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 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 at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 2009.

Emphasis of matter

Without qualifying our opinion we draw attention to note 2 which indicates that the Company incurred a net profit of Le30 million during the year ended 31 December 2014 and, as of that date, the Company's total liabilities exceeded its total assets by Le2,739 million. 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
Freetown, Sierra Leone

Date: 25th September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income	**Notes**	**2014 Le million**	2013 Le million
Revenue		-	-
Other Operating Expenses	5	(73)	(2,754)
Gross Loss		(73)	(2,754)
Other Income	7	103	1
Operating Profit/(Loss)		30	(2,753)
Finance Costs	6	-	-
Profit/(Loss) before tax	8	30	(2,753)
Taxation		-	-
Profit/(Loss) for the year		30	(2,753)
Other Comprehensive Income		-	-
Total Comprehensive Profit/(Loss) for the year		30	(2,753)

The notes on pages 12 to 25 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

		2014	2013
Assets	**Notes**	**Le million**	Le million
Non-Current Asset			
Property, Plant and Equipment	**12**	**649**	-
Intangibles	**13**	**604**	-
Total Non-Current Assets		**1,253**	-
Current Assets			
Cash and Bank Balances	**9**	**9**	10
Total Assets		**1,262**	10
Equity and Liabilities			
Equity			
Ordinary Share Capital	**10**	**10**	10
Retained Earnings		**(2,749)**	**(2,779)**
Total Equity		**(2,739)**	**(2,769)**
Current Liabilities			
Accounts Payable	**14**	**4,001**	**2,779**
		4,001	**2,779**
Total Equity and Liabilities		**1,262**	10

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

.... 25th September 2015
Director

....
Director 25th September 2015

The notes on pages 12 to 25 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

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)**

2013	**Share Capital Le million**	**Retained Earnings Le million**	**Total Equity Le million**
As at 1 January 2013	10	(26)	(16)
Movement during the year	-	(2,753)	(2,753)
As at 31 December 2013	10	(2,779)	(2,769)

The notes on pages 12 to 25 form an integral part of these financial statements

STATEMENT OF CASHFLOWS

	Notes	2014 Le million	2013 Le million
Net cashflow from Operating Activities	11	1,315	10
Net cash used in Operating Activities		**1,315**	10
Investing Activities			
Payment to acquire Property, Plant and Equipment	12	651	-
Payment to acquire License	13	665	-
Payment to acquire other Non-Financial Assets		-	-
Proceeds from the Disposal of Property, Plant and Equipment		-	-
Net cash used in Investing Activities		**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		**10**	10
Cash and Cash Equivalents at 31st December		**9**	10

The notes on pages 12 to 25 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 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 been measured at fair value. The financial statements are presented in Sierra Leonean Leone (SLL-Le) rounded to the nearest millions.

Going Concern

As at 31st December 2014, the company had a net Profit before income tax of Le30 million (2013 loss :Le2,753 million).

The company had a net current liability position of Le4,001 million (2013: Le2,779 million). The operations of the company continue to depend on sources of financing from Africa Towers NV and Bharti Airtel International (Netherland) B.V.

The directors are confident that funds needed will be available to the company to support its obligations as required and it is therefore appropriate to present the financial statements on a 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 Companies Act, 2009.

3. 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.

3.1 Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of the company are measured using the currency of the 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Transactions and Balances

Transactions in foreign currencies are initially recorded in Sierra Leone Leones using rates of exchange ruling at the dates of the transactions. 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.

3.2. Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts 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 recognises such parts as separate component of assets 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 derecognised. All other repairs and maintenance costs are recognised in the statement of comprehensive income.

Where assets are installed on the premises of a customer (commonly called Customer Premise Equipment – "CPE"), such assets continue to be treated as Property, Plant and Equipment 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 each 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:

Categories	**Period**
Leasehold buildings	Term of Lease or 10/20 years as applicable, whichever is less
Telecom equipment excluding test equipment	8 years
Site built equipment	15 years
Switching equipment	8 years
Testing equipment	4 years
Network equipment	3-20 years

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Computer software and hardware	3 years
Furniture and office equipment	5 years
Motor vehicles	3 years

3.3. Intangible Assets

Intangible assets comprise acquired licenses. Acquired licenses are measured on initial recognition at costs. Licenses have a finite useful life and are carried at cost less accumulated amortisation.

Amortisation 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 cashflows 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.

3.4. Employment Benefits

Retirement Benefit Obligations

All company national employees are members of the National Social Security and Insurance Trust (NASSIT) which is a defined contribution plan. A defined contribution plan is a pension plan to which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligation 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% (respectively) 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.

3.5. 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 establishes provisions where appropriate.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

3.5. Taxation - 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 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 carried forward 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.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

3.6. Financial Instruments – Initial Recognition and Subsequent Measurement

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 cashflows, cash and cash equivalents comprise cash in hand and at bank as defined above, net of outstanding bank overdrafts.

Trade Account 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 cashflows, 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 cashflows, such as changes in arrears or economic conditions that correlate with defaults.

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).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Impairment of Financial Assets (Continued)

Derecognition

A financial asset is derecognised when the rights to receive cash from the asset have expired, or the company has transferred its right to receive cashflows from the asset.

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 borrowings 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 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 (CONTINUED)

Summary of Significant Accounting Policies (Continued)

3.7. 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.

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 3.2.

Receivables

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

3.8. 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 is of standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

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 company's financial assets, but no impact on the classification and measurement of its financial liabilities.

IAS 16 Property, Plant and Equipment

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that an asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to the related party disclosures.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

IAS 24 Related Party Disclosures (Continued)

In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

3.9. 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 minimise 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.

3.10. Foreign Exchange Risk

The company's exposure to foreign exchange risk arises from imports of network equipment that are quoted in foreign currencies. The company is not employing any means of hedging against foreign currency risk but mitigates 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.

3.11. Credit Risk

Credit risk is the risk that one party to a 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 financial institutions with high credit rating. 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's maximum exposure to credit risk at 31st December 2013 is made up as follows:

	2014	2013
	Le million	Le million
Cash at bank and deposits	**9**	10
Trade accounts receivable	**-**	-
Receivables from related parties	**-**	-
Other accounts receivable	**-**	-
	9	10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Credit Risk (Continued)

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.

3.12. 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 (comprising undrawn borrowing facility and cash and cash equivalents on the basis of expected cashflow).

3.13. 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 which is calculated as net debt divided by total capital. Net debt is defined as total borrowings (including current and non-current 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%.

	2014	2013
	Le million	Le million
Total borrowings	**-**	-
Less: Cash and cash equivalents (Note 9)	**9**	10
Net debt	**9**	10
Share capital	**10**	10
Total equity	**(1,982)**	(2,769)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

4. Commitments

There were no capital commitments as at 31st December 2014 (2013: nil).

5. Other Operating Expenses

	2014 Le million	2013 Le million
Audit fees – Statutory Audit	10	12
Depreciation	2	-
License	61	-
Management fees and other re-charges	-	2,742
	73	2,754

6. Finance Costs

	2014 Le million	2013 Le million
Other Finance costs – bank charges	-	-
	-	-

7. Other Income

	2014 Le million	2013 Le million
Foreign exchange gain	103	1
	103	1

8 Profit/Loss before Tax

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

	2014 Le million	2013 Le million
Profit/Loss before tax	30	(2,753)
Depreciation	2	-
Audit fees	10	12

9. Cash and Cash Equivalents

	2014 Le million	2013 Le million
Cash and bank balances	9	10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

10. Ordinary Share Capital

Ordinary Share Capital	Number of shares	Par value	Ordinary shares
Balance as at 31 December 2014	100	100,000	100

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

11. Net Cash Flow from Operating Activities

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

	2014 **Le million**	2013 Le million
Profit before taxation	**30**	(2,753)
Adjustments for:		
Unrealised exchange gains/losses	**-**	-
Change in operating assets and liabilities	**-**	-
Depreciation	**2**	-
Amortisation of License	**61**	-
Change in Accounts payable	**1,222**	2,743
	1,315	**10**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, Plant and Equipment

	Buildings	Telecom Equipment	Furniture, fittings and office equipment	Motor Vehicles	Capital work in progress	Total
	Le million	Le million	Le million	Le million	Le million	Le million
Cost of valuation :						
At 1st January 2013	-	-	-	-	-	-
Additions	-	-	-	-	-	-
At 1st January 2014	-	-	-	-	-	-
Additions	-	651	-	-	651	1,302
Transfers	-	-	-	-	(651)	(651)
At 31st December 2014	-	**651**	-	-	-	**651**
Depreciation :						
At 1st January 2013	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
At 1st January 2014	-	-	-	-	-	-
Charge for the year	-	2	-	-	-	2
At 31st December 2014	-	**2**	-	-	-	**2**
Net book value:						
At 31st December 2013	-	-	-	-	-	-
At 31st December 2014	-	**649**	-	-	-	**649**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

13. Intangibles

	ISP Licence Le million
Cost :	
At 1st January 2013	-
Additions	-
At 31st December 2013	-
Additions	665
At 31st December 2014	**665**
Depreciation :	
At 1st January 2013	
Charge for the year	-
At 31st December 2013	-
Charge for the year	61
At 31st December 2014	**61**
Net book value:	
At 31st December 2013	-
At 31st December 2014	**604**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

14. Accounts Payables

	2014 Le million	2013 Le million
Intercompany payable	**3,782**	2,742
Accrued expenses	**20**	37
Other Payables	**199**	-
	4,001	2,779

15. Presentation Currency

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

16. Contingent Liabilities

There were no contingent liabilities as at 31st December 2014 (31 December 2013: nil).

17. Related party transactions and Interest of Directors

No director during the year had/have material interest in any contract or arrangement of significance 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 provision of funds to meet cashflow requirements. Related party 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:

	2014 Le million	2013 Le million
Inter-company payable	**3,025**	**2,742**
	3,025	**2,742**

IC Vendor name	Amount	Nature of transactions
Africa Tower Services Limited	211	Management Fee for ATNV and ATSL for the period 2012-2014
Africa Towers N.V.	1,512	
Airtel Sierra Leone	1,302	Operational Expenses paid on behalf of Towerco
Total	**3,025**	