AIRTEL TELESONIC UGANDA LIMITED

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31st DECEMBER 2023

AIRTEL TELESONIC UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st DECEMBER 2023

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COMPANY INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Airtel Telesonic Uganda Limited Plot 16A Clement Hill Road P O Box 6771 Kampala, Uganda
COMPANY SECRETARY	Dennis A. Kakonge Airtel Uganda Limited Plot 16A Clement Hill Road P O Box 6771 Kampala, Uganda

BANKERS

Stanbic Bank (U) Ltd
10th Floor, Short Tower
17 Hannington Road
Crested Towers
Kampala, Uganda

AUDITORS

Deloitte & Touche
Certified Public Accountant of Uganda
3rd Floor, Rwenzori House
1 Lumumba Avenue
P O Box 10314
Kampala, Uganda

AIRTEL TELESONIC UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st DECEMBER 2023

DIRECTORS' REPORT

The Directors submit their report and audited Financial Statements of Airtel Telesonic Uganda Limited ("the Company") for the period ended 31st December 2023, which show the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the operation of provision of telecommunications infrastructure in Uganda.

FINANCIAL RESULTS

	2023 Ushs million	2022 Ushs million
Loss before taxation	(23)	-
Taxation charge	-	-
Loss for the period	**(23)**	**-**

RESERVES

The reserves of the Company are set out on page 10 in the Statement of Changes in Equity

DIRECTORS

The Directors who held office during the period and to the date of this report were as follows

Manoj Murali	-	Non-Executive Director (Appointed 09-Sep-2022)
Phanindra Nichanametla	-	Non-Executive Director (Appointed 18-Oct-2022)

The Directors were in office for the entire period unless otherwise stated.

AUDITORS

Deloitte & Touche, Certified Public Accountant of Uganda, were appointed in March 2024 and have expressed their willingness to continue in office in accordance with the provisions of Section 167 (2) of the Companies Act, 2012 of the laws of Uganda.

BY ORDER OF THE BOARD
Secretary

18 July 2024
Kampala

AIRTEL TELESONIC UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st DECEMBER 2023

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies Act, 2012 of the Laws of Uganda requires the Directors to prepare Financial Statements for each financial period, which give a true and fair view of the State of Financial Affairs of the Company as at the end of the financial period and of its operating results for that period. The Act also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are ultimately responsible for the internal control. The Directors delegate responsibility for internal control to Management. Standards and systems of internal control are designed and implemented by Management to provide reasonable assurance as to the integrity and reliability of the Financial Statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Directors accept responsibility for the period's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2012 of Uganda. The Directors are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

The Financial Statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Financial Statements were approved by the Board of Directors on 18 July 2024 and signed on its behalf by:

Manoj Murali	Phanindra Nichanametla
Director	Director

Deloitte & Touche
Certified Public Accountant of Uganda
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1 Lumumba Avenue
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AIRTEL TELESONIC UGANDA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Airtel Telesonic Uganda Limited set out on pages 8 to 19, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Airtel Telesonic Uganda Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended and are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of the laws of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other information

The Directors are responsible for the other information, which comprises the information included in the Directors' report and statement of directors' responsibilities as required by the Companies Act, 2012 of the laws of Uganda. The other information does not include the financial statements and our auditor's report thereon.

Other information (continued)

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of the laws of Uganda and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal requirements

As required by the Companies Act, 2012 of the laws of Uganda, we report to you based on our audit, that:

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

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

(iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditor`s report is Paul Ssali, Practicing Number P0508.

Deloitte & Touche
Certified Public Accountant of Uganda

18 July 2024
Kampala

Paul Ssali
Partner

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31st DECEMBER 2023

	Note	2023 Ushs millions	2022 Ushs millions
Income			
Revenue		-	-
Other income		-	-
		-	-
Expenses			
Other operating expenses		23	-
Operating loss		(23)	-
Finance income		-	-
Finance costs		-	-
Loss before tax		(23)	-
Income tax expense		-	-
Loss for the period		(23)	-
Total comprehensive loss for the period, net of tax		(23)	-

AIRTEL TELESONIC UGANDA LIMITED

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31st DECEMBER 2023

		2023	2022
ASSETS	Note	Ushs millions	Ushs millions
Current assets			
Cash and cash equivalents	6	746	500
		746	500
TOTAL ASSETS		746	500
EQUITY AND LIABILITIES			
Equity			
Share capital	8	500	500
Retained earnings		(23)	-
		477	500
Current liabilities			
Other liabilities		23	-
		23	-
Non-Current liabilities			
Borrowings	9	246	-
		246	-
TOTAL EQUITY AND LIABILITIES		746	500

The Financial Statements on pages 8 to 19 were approved for issue by the Board of Directors on 18 July 2024 and signed on its behalf by:

Manoj Murali
Director

Phanindra Nichanametla
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31st DECEMBER 2023

	Share capital Ushs millions	Retained Earnings Ushs millions	Total equity Ushs millions
At 1 January 2022	-	-	-
Loss for the period	-	-	-
Share Capital	500	-	500
At 31 December 2022	**500**	-	**500**
At 1 January 2023	-	-	-
Loss for the period	-	(23)	(23)
Share Capital	500	-	500
At 31 December 2023	**500**	(23)	**477**

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31st DECEMBER 2023

	Note	2023 Ushs millions	2022 Ushs millions
OPERATING ACTIVITIES			
Loss before tax		(23)	-
OPERATING ACTIVITIES			
Increase in trade payables		23	-
Net cash flows used in operating activities		-	-
FINANCING ACTIVITIES			
Issue of share capital		-	500
Proceeds from borrowings	9	246	-
Net cash flows from financing activities		**246**	**500**
Net movement in cash and cash equivalents during the period		**246**	**500**
Cash and cash equivalents as at beginning of the period	6	500	-
Cash and cash equivalents as at end of the period	**6**	**746**	**500**

1 CORPORATE INFORMATION

Airtel Telesonic Uganda Limited is incorporated in Uganda under the Companies Act as a public limited liability Company and is domiciled in Uganda. The address of its registered office is Airtel House, Plot 16A Clement Hill Road, Kampala, Uganda. Its principal activities are the operation of provision of infrastructure services. The Company is subsidiary of Bharti Airtel Telesonic Uganda Holdings B.V.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)

2.1 New and amended Standards that are effective for the current period

In the current period, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies

The Company has adopted the amendments to IAS 1 for the first time in the current period. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the "four step materiality process" described in IFRS Practice Statement 2.

The change did not have a material impact on the Company's financial statements

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of accounting estimates

The company has adopted the amendments to IAS 8 for the first time in the current period. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONTINUED)

2.2 New and revised standards in issue but not yet effective

At the date of authorisation of these Financial Statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the Financial Statements of the Company in future periods.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

(a) Basis of preparation

The Financial Statements of Airtel Telesonic Uganda Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2012 of the Laws of Uganda. The Financial Statements are presented in Uganda Shillings and all values are rounded to the nearest millions except when otherwise indicated.

For purposes of reporting under the Companies Act, 2012 of the Laws of Uganda, the Balance Sheet in these Financial Statements is represented by the Statement of Financial Position and the Profit and Loss account is represented by the statement of profit or loss and other comprehensive income.

The accounting policies adopted are consistent with those used in the previous period, except otherwise indicated.

(b) Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or the price paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require measurement of certain financial/non-financial assets and liabilities at fair value (either on a recurring or non-recurring basis).

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Basis of measurement (Continued)

The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities, either measured or disclosed at fair value in the Financial Statements, using a three level fair-value hierarchy (which reflects the significance of inputs used in the measurement of fair value). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described below, based on the lowest input that is significant to the fair value measurement as a whole:

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

(c) Functional currency and translation of foreign currencies

Functional and presentation currency

The items included within the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e., 'functional currency').

The Financial Statements are presented in Uganda Shillings, which is also the functional, and presentation currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the statement of profit or loss and other comprehensive income within finance costs/finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – with the resulting foreign exchange difference, on subsequent re-statement/settlement, recognised in the profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

The equity items denominated in foreign currencies are translated at historical exchange rate.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, wallet balances, bank balances, cheque in hand and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to the above items, any bank overdrafts that are integral part of the Company’s cash management is also included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(e) Borrowing Cost

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

(f) Statement of cash flow

Cash flows are reported using the indirect method as per IAS-7” Statement of cash flows”, whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferral or accrual of past or future cash operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

(g) Share capital and share premium

Issued ordinary shares are classified as Equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of Capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect. Any premium received over and above the par value of the shares is classified as ‘share premium’ in Equity.

(h) Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

(i) Dividends

Dividend to shareholders is recognised as a liability and deducted from Equity, in the period in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, are recognised as a liability, and deducted from retained earnings, in the period in which the dividends are so declared.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Key sources of estimation uncertainty

Income taxes

The Company is subject to income taxes under the Income Tax Act 1997 (as amended). Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Contingent liabilities and provisions

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favorable to the Company. Management in consultation with the legal, tax and other advisers assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognized liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has liabilities in the form of borrowings, trade and other payables as well as receivables in the form of loans, cash, deposits, trade and other receivables. These arise as a part of the business activities and operations of the Company. The business activities of the Company exposes it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

Further, the Company uses certain derivative financial instruments to mitigate some of these risk exposures. The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of directors and the Audit and Risk Committee. The Company's senior management is primarily responsible for matters, including framing of policies and execution procedures as well as laying down the risk framework mechanisms for the treasury function that will help the company to achieve its strategic financial goals, balancing opportunity, prudence and initiative with risk control measures. This provides assurance to the Company that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company's risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk – currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts to manage its exposures to foreign exchange fluctuations.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Market risk (continued)

(i) Foreign exchange risk

The Company operates locally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from adverse changes in the local / operating currency rates to other foreign currencies for which commercial transactions occur in the course of operation and from recognised assets and liabilities.

The Company's foreign exchange risk management includes foreign exchange forward contracts, regular monitoring of the movement of exchange rates and continuous negotiations with all local suppliers to have contracts in local currency.

(ii) Price risk

The Company does not hold any financial instruments subject to price risk.

(iii) Cash flow and interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's interest-bearing debt obligations with floating interest rates. Further, the Company engages in financing activities which are dependent on market rates and any changes in the interest rates environment may impact future rates of borrowing. The Company monitors the interest rate movement and manages the interest rate risk based on its risk management policies. The Company also maintains a portfolio mix of floating and fixed rate debt.

(b) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future obligations as and when due, without incurring unacceptable losses. The Company's prudent liquidity risk management objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing, including term loans and overdraft from both domestic and international banks at an optimised cost.

(c) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maximise returns for Shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new capital or sell assets or change who holds the risks and benefits of the assets say through leasing or consignment stock arrangements to reduce debt. The Company monitors capital, and its objective is improving on the leverage ratio over time. The Company monitors capital using a leverage ratio, which is net debt divided by Earnings before Interest Depreciation and Tax (EBITDA). Net debt is calculated as borrowings and leases less cash and cash equivalents.

6 CASH AND CASH EQUIVALENTS

	2023	2022
	Ushs millions	Ushs millions
Bank balance	746	500
	746	500

7 RELATED PARTY DISCLOSURES

The Company is a subsidiary of Airtel Uganda Telesonic Holding (UK) Limited. Airtel Telesonic Uganda Limited is part of the Bharti Airtel Group of Companies.

	2023	2022
Borrowing from related party	Ushs millions	Ushs millions
Airtel Uganda Telesonic Holding (UK) Limited. (Holding Company)	246	-
Total due to related parties	246	-

8 SHARE CAPITAL

Authorised share capital:		
500,000 ordinary shares of Ushs 1,000	500	500

The shareholding of the Company as at 31st December 2023 is as follows:

Name of Shareholder	Number of Shares	% of Shareholding
Airtel Uganda Telesonic Holdings (UK) Limited	499,999	99.9998%
Airtel Africa Telesonic Holdings Limited	1	0.0002%
	500,000	

9 BORROWINGS

	Maturity	**2023**	**2022**
		Ushs millions	**Ushs millions**
Non-Current			
Loan from Airtel Telesonic Holding (UK) Limited (Holding Company)	2025	246	-

The Company obtained Limited a loan facility of USD 100,000 from Airtel Uganda Telesonic Holdings (UK) Limited during the month of December 2023 for the purpose of operational working capital. The Interest rate on the loan is at a margin rate of 4.5% plus 3 months SOFR. This loan facility will run for 3 years and mature on 31st December 2026.

10 FAIR VALUE OF FINANCIAL ASSETS AND LIABILTIES

Set out below is a comparison by class of the carrying amount and fair value of the financial instruments that are recognised in the Financial Statements. The carrying amount of the financial assets and financial liabilities approximate their fair values because of their short-term nature as shown below.

Particulars		2023	2022
		Ushs millions	Ushs millions
Financial assets			
Amortised Cost			
Cash and cash equivalents	Level 1	746	500
		746	500
Financial Liabilities			
Amortised Cost			
Borrowings	Level 1	246	-
		246	-

11 SUBSEQUENT EVENTS

There were no material subsequent events for the period ended 31 December 2023. The Directors are not aware of any other matter or circumstances since the financial period end and the date of this report, not dealt with in the Financial Statements, which significantly affects the financial position of the Company and the results of its operations.