

**AIRTEL KENYA TELESONIC LIMITED**  
**REPORT**  
**AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2024**

**Airtel Kenya Telesonic Limited**  
**Annual Report and Financial Statements**

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**DIRECTORS**

Mr. Sanjeet Kumar Pokala \*\*  
Mr. Ashish Malhotra\*\*

\*\* Indian

**REGISTERED OFFICE**

LR No. 209/11880  
Parkside Towers, Mombasa Road  
P.O. Box 73146 - 00200  
NAIROBI, KENYA

**COMPANY SECRETARY**

Scribe Services Secretaries  
P.O. Box 3085 – 00100  
NAIROBI, KENYA

**AUDITORS**

Deloitte & Touche LLP  
Certified Public Accountants (Kenya)  
Deloitte Place, Waiyaki Way,  
Muthangari  
P.O. Box 40092 – 00100  
NAIROBI, KENYA

**PRINCIPAL BANKERS**

Equity Bank (Kenya) Limited  
Equity Centre, Hospital Road, Upper Hill  
P.O. Box 75104 – 00200  
NAIROBI, KENYA

**Airtel Networks Kenya Limited**  
**Annual Report and Financial Statements**  
**Directors' Report**  
*(All amounts are in KSH 'Mn, unless stated otherwise)*

The directors submit their report together with the audited financial statements of the company for the year ended 31 December 2024, which discloses the state of affairs of Airtel Kenya Telesonic limited (the "Company").

**1. PRINCIPAL ACTIVITIES**

The principal activity of the Company is to operate as a telecommunication and fiber business.

**2. RESULTS**

The results for the year are set out on page 9.

	For the year ended	
	31-Dec-24	31- Dec- 2023
	12 Months	18 Months
Loss before tax	(2,941,919)	(38,406)
Tax expense	-	-
<b>Loss after tax</b>	<b>(2,941,919)</b>	<b>(38,406)</b>

**3. DIRECTORS**

The directors who held office during the year and to the date of this report are as listed below;

Name	Designation	Date of Appointment
Mr. Sanjeet Kumar Pokala	Director	22 July 2022
Mr. Ashish Malhotra	Director	22 July 2022

Directors do not have any interest in the Company's shareholding. During the year, the Company did not pay any directors' fees.

**4. GOVERNANCE**

The Board of Directors consists of two directors. The Board takes overall responsibility for the Company, including 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.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

**5. BUSINESS REVIEW AND OUTLOOK**

The Airtel business has introduced Airtel Kenya Telesonic Limited as a fiber unit with the aim of revolutionizing the wholesale data market.

This business segment addresses our increasing customer needs for digital revolution, by enhancing connectivity and providing cutting-edge fiber-optic solutions that will empower businesses, education, and healthcare, ultimately improving the quality of life for communities, and boosting the national economy.

**6. DISCLOSURE OF INFORMATION TO AUDITORS**

Each director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**7. AUDITORS**

Deloitte & Touche LLP, having expressed their willingness, continue in office in accordance provisions of section 719 (2) of the Kenyan Companies Act, 2015. The Directors monitor the effectiveness, objectivity, and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fee.

**By order of the Board**



**SCRIBE SERVICES SECRETARIES**  
**Nairobi, Kenya**

...15 April.....2025

**Airtel Kenya Telesonic Limited**

**Report and Financial Statements for the year ended 31 December 2024**

**Statement of Directors' Responsibilities on the Financial Statements**

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The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The Directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and error.

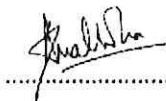
The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on .....15 April..... 2025 and signed on its behalf by:



**Ashish Malhotra**  
**Director**



**Sanjeet Kumar Pokala**  
**Director**



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRTEL KENYA TELESONIC LIMITED**

### **Report on the audit of the financial statements.**

#### ***Opinion***

We have audited the accompanying financial statements of Airtel Kenya Telesonic Limited (the "Company") set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2024, 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 the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Airtel Kenya Telesonic Limited as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### ***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 (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with 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***

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, 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.



**Report on other matters prescribed by the Kenyan Companies Act, 2015**

*Report of the directors*

In our opinion the information given in the report of directors' report on pages 3 to 4 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Freda Mitambo**, Practising certificate **No. 2174**.

*Freda Mitambo*

**For and on behalf of Deloitte & Touche LLP  
Certified Public Accountants (Kenya)  
Nairobi**

*15 April*      **2025**



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by IASB, and for such internal control as the management determines 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.

Those charged with governance 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 scepticism 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 controls 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.
- 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 those charged with governance 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.


**Airtel Kenya Telesonic Limited****Report and Financial Statements for the year ended 31 December 2024****Statement of Profit or Loss and other Comprehensive Income***(All amounts are in KSH, unless stated otherwise)*

		For the year ended	
		31 Dec 2024	31 Dec 2023
		12 Months	18 Months
<b>Income</b>			
Revenue		-	-
<b>Expenses</b>			
License/ Regulatory Fee	4	866,668	66,667
Operating expenses	5	1,087,950	-
Amortisation	9	958,904	-
		<b>2,913,522</b>	<b>66,667</b>
<b>Operating loss</b>		<b>(2,913,522)</b>	<b>(66,667)</b>
Finance costs	6	5,782	-
Finance Income	7	22,615	(28,261)
<b>Loss before tax</b>		<b>(2,941,919)</b>	<b>(38,406)</b>
Tax Expense	8	-	-
<b>Loss for the period</b>		<b>(2,941,919)</b>	<b>(38,406)</b>
Other comprehensive income/ Loss for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(2,941,919)</b>	<b>(38,406)</b>

**Airtel Kenya Telesonic Limited****Report and Financial Statements for the year ended 31 December 2024****Statement of Financial Position***(All amounts are in "KSH" unless stated otherwise)*

		As of	
		31-Dec-24	31-Dec-23
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible Assets	9	14,041,096	-
Intangible Assets under development	9	-	15,000,000
		<b>14,041,096</b>	<b>15,000,000</b>
<b>Current Assets</b>			
Other current Assets	10	399,999	466,666
Cash and cash equivalents	11	170,664	128,261
		<b>570,663</b>	<b>594,927</b>
<b>Total Assets</b>		<b>14,611,759</b>	<b>15,594,927</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Ordinary share capital	12	100,000	100,000
Accumulated Losses		(2,980,325)	(38,406)
		<b>(2,880,325)</b>	<b>61,594</b>
<b>Current Liabilities</b>			
Trade and other payables	13	17,492,083	15,533,333
		<b>17,492,083</b>	<b>15,533,333</b>
<b>Total Liabilities</b>		<b>17,492,083</b>	<b>15,533,333</b>
<b>Total Equity and Liabilities</b>		<b>14,611,759</b>	<b>15,594,927</b>

The financial statements on pages 9 to 23 were approved and authorized for issue by the Board of directors on .....15 April.....2025 and signed on its behalf by:



**Ashish Malhotra**  
Director



**Sanjeet Kumar Pokala**  
Director

**Airtel Kenya Telesonic Limited**  
**Report and Financial Statements for the year ended 31 December 2024**  
**Statement of Changes in Equity**  
*(All amounts are in "KSH" unless stated otherwise)*

	Ordinary share capital	Accumulated losses	Total
<b>At incorporation 22 Jul 2022</b>			
Issue of shares	100,000	-	100,000
Total comprehensive loss for the period (18 Month)	-	(38,406)	(38,406)
<b>Balance as at 31 December 2023</b>	<b>100,000</b>	<b>(38,406)</b>	<b>61,594</b>
<b>Year ended 31 December 2024</b>			
As at 1 January 2024	100,000	(38,406)	61,594
Total comprehensive Loss for the year(12 Month)	-	(2,941,919)	(2,941,919)
<b>Balance as at 31 December 2024</b>	<b>100,000</b>	<b>(2,980,325)</b>	<b>(2,880,325)</b>

**Airtel Kenya Telesonic Limited****Report and Financial Statements for the year ended 31 December 2024****Statement of Cash Flows***(All amounts are in KSH, unless stated otherwise)*

	For the year ended	
	31-Dec-24	31-Dec-23
	12 Months	18 Months
<b>Loss before taxation</b>	(2,941,919)	(38,406)
<b>Cash flows from operating activities</b>		
<b>Adjustment for:</b>		
Amortization (Note 9)	958,904	-
<b>Net cash used in operating activities before changes in working capital</b>	(1,983,015)	(38,406)
<b>Changes in working capital</b>		
Decrease/ (Increase) in other current assets	66,667	(466,666)
Increase in Trade and other Payables	1,958,750	15,533,333
<b>Net cash generated from operating activities before tax</b>	42,403	<b>15,028,261</b>
Income taxes paid	-	-
<b>Net cash generated from operating activities (a)</b>	42,403	<b>15,028,261</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets (Note 9)	-	(15,000,000)
<b>Net cash used in investing activities (b)</b>	-	<b>(15,000,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	-	100,000
<b>Net cash generated from financing activities (c)</b>	-	<b>100,000</b>
<b>Increase in cash and cash equivalents during the year (a+b+c)</b>	<b>42,403</b>	<b>128,261</b>
Cash and cash equivalents as at the beginning of the year	128,261	-
<b>Cash and cash equivalents as at end of the year</b>	<b>170,664</b>	<b>128,261</b>



**Airtel Kenya Telesonic Limited**  
**Report and Financial Statements for the year ended 31 December 2024**  
**Notes to the Financial Statements**  
*(All amounts are in KSH , unless stated otherwise)*

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**1. COMPANY INFORMATION**

Airtel Kenya Telesonic Limited (the "company") is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability company and is domiciled in Kenya. The address of the registered office is:

LR No. 209/11880  
Parkside Towers, Mombasa  
Road  
P.O. Box 73146-00200 City  
Square  
Nairobi

The company is involved in providing fiber and bandwidth related services.

**2. MATERIAL ACCOUNTING POLICES**

**a) Basis of Preparation**

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

For the purpose of reporting under the Kenyan Companies Act, 2015, the balance sheet in the financial statements is represented by the statement of financial position and the profit and loss statement is presented in the statement of Comprehensive Income.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

**b) Basis of Measurement**

The financial statements are prepared in compliance with IFRS Accounting Standards as issued by International Accounting Standards Board and Interpretations of those Standards as adopted by the International Accounting Standards Board.

The financial statements are reported in Kenya Shillings except when otherwise indicated.

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 year, as explained in the accounting policies below. Historical cost is generally 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 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 values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements. 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).



## **2. MATERIAL ACCOUNTING POLICES (continued)**

### **b) Basis of measurement (continued)**

#### **Fair value measurement (Continued)**

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. The three levels of the fair-value-hierarchy are described below:

- Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets
- Level 2: Significant inputs to the fair value measurement are directly or indirectly observable
- Level 3: Significant inputs to the fair value measurement are unobservable.

### **c) Foreign currency transactions**

The items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates (i.e. 'functional currency'). The financial statements are presented in Kenya Shillings, which is also the functional, and presentation currency of the company.

Transactions in foreign currencies are initially recorded in Kenya Shillings 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 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

### **d) Revenue recognition**

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the company has received or expects to receive in exchange of those products or services, net of any taxes/duties and discounts. When determining the consideration to which the company is entitled for providing promised products or services via intermediaries, the company assesses whether the intermediary is a principal or agent in the onward sale to the end customer. Revenue is recognised when, or as, each distinct performance obligation is satisfied.

### **e) Taxes**

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised in the same or a different year, outside profit or loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.

## **2. MATERIAL ACCOUNTING POLICES (continued)**

### **e) Taxes (continued)**

#### **a. Current tax**

Current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date in the respective countries where the group entities operate and generate taxable income. The payment made in excess/(shortfall) of income tax obligation for the respective year are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

Any interest, related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit), but are rather recognised within finance costs.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable or based on expected value approach, as applicable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

#### **b. Deferred tax**

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Further, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and tax credits can be utilised. Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associate - unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of future taxable profits.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, (a) the company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relates to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.



## **2. MATERIAL ACCOUNTING POLICES (continued)**

### **f) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances 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).

### **g) Financial Instruments**

#### **a) Recognition, classification and presentation**

Financial instruments are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the financial instrument.

The company determines the classification of its financial instruments at initial recognition. The company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, the group currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

#### **b) Measurement - Non-derivative financial instruments**

##### **I. Initial measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Consolidated Statement of Comprehensive Income.

##### **II. Subsequent measurement - financial assets**

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

##### **• Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate ('EIR') method (if the impact of discounting / any transaction cost is significant).

Interest income from these financial assets is included in finance income.

## **2. MATERIAL ACCOUNTING POLICES (continued)**

### **b) Measurement - Non-derivative financial instruments (continued)**

#### **II. Subsequent measurement - financial assets (continued)**

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Financial assets at fair value through profit or loss ('FVTPL')**

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('FVTOCI') are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

- **Impairment**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used.

#### **III. Subsequent measurement - financial liabilities**

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant).

##### **a) Derecognition**

Financial liabilities are derecognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the consolidated statement of comprehensive income.

Cash and cash equivalents, trade receivables and prepayments are the financial assets of the Company. All financial assets and liabilities are valued at amortized cost due to their nature and fair value of the same approximate the carrying amount due to short term nature.

##### **h) Statement of Cash flows**

Cash flows are reported using the indirect method as per IAS-7 "Statement of cash flows", whereby profit for the year 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.



## **2. MATERIAL ACCOUNTING POLICES (continued)**

### **i) Share capital**

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.

### **j) Provisions**

#### *General*

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

### **k) 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 recognized and disclosed only where an inflow of economic benefits is probable.

### **l) Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by International Accounting Standards Board requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of Income and expenses during the reporting year. The estimates and assumptions are based on the directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected.

### 3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

#### 3.1 New and amended Standards that are effective for the current year

No new IFRS issued during the year is applicable to the company. Amendments to existing IFRS have been applied by the Company as required, however, these amendments do not have any material impact on the Company's financial statements.

Newly issued amendments include;

- Amendments to IAS 12 in relation to relation to 'deferred tax related to assets and liabilities arising from a single transaction.'
- Amendments to IAS 1 in relation to 'Disclosure of accounting policies'
- Amendments to IAS 12 in relation to relation to 'Pillar Two Model rules.'
- Amendments to IAS 8 in relation to Accounting Estimates

#### 3.2 New and revised Standards in issue but not yet effective

The following pronouncements issued by the IASB are relevant to the Company and are effective for year on or after 1 January 2024. The Company's financial statements will be presented in accordance with these requirements, which are being evaluated but are not expected to have a material impact on the results, financial position or cashflows of the Company.

- Amendments to IFRS 16 in relation to Sale and leaseback accounting.
- Amendments to IAS 1 in relation to 'classification of liabilities as current and non-current' and 'non-current liabilities with Covenants'.
- Amendments to IAS 7 and IFRS 7 in relation to 'Supplier finance arrangements.'
- Amendments to IAS 21 in relation to 'Lack of exchangeability.'

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 years.

### 4. LICENSE/ REGULATORY FEE

	For the year ended	
	31-Dec-24	31-Dec-23
	12 Months	18 Months
License/ Regulatory Fee	866,668	66,667
	<b>866,668</b>	<b>66,667</b>

Amount relates to annual network facilities provider license fees

### 5. OPERATING EXPENSES

	For the year ended	
	31-Dec-24	31-Dec-23
	12 Months	18 Months
Audit fees	1,087,950	-
	<b>1,087,950</b>	<b>-</b>

### 6. FINANCE COST

	For the year ended	
	31-Dec-24	31-Dec-23
	12 Months	18 Months
Bank Charges	5,782	-
	<b>5,782</b>	<b>-</b>



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**7. FINANCE INCOME**

	For the year ended	
	31-Dec-24	31-Dec-23
	12 Months	18 Months
Foreign exchange loss/(gain)	22,615	(28,261)
	<b>22,615</b>	<b>(28,261)</b>

**8. TAX EXPENSE**

A deferred tax asset of KShs 595 thousand (2023: KShs 12 thousand) has not been recognized in the financial statements as it is not probable that future taxable profits will be available against which the deferred tax asset can be utilized.

	For the year ended	
	31-Dec-24	31-Dec-23
	12 Months	18 Months
Loss before income tax	2,941,919	38,406
Tax calculated at the statutory income tax rate of 30%	(882,576)	(11,522)
Net tax effect of:		
Impact of Permanent Difference	287,671	-
Deferred tax asset not recognized	594,905	11,522
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

Losses of KShs 2,021,421 as at Dec'24 (as at Dec'23: KShs 38,406) can be carried forward indefinitely.

**9. INTANGIBLE ASSETS**

	License	Assets under development
<b>Gross Carrying Value</b>		
At January 1, 2023	-	-
Additions	-	15,000,000
<b>At December 31, 2023</b>	<b>-</b>	<b>15,000,000</b>
Transfer from asset under development	15,000,000	(15,000,000)
<b>At December 31, 2024</b>	<b>15,000,000</b>	<b>-</b>
<b>Accumulated Depreciation</b>		
At January 1, 2023	-	-
Charge for the year	-	-
<b>At December 31, 2023</b>	<b>-</b>	<b>-</b>
Charge for the year	958,904	-
<b>At December 31, 2024</b>	<b>958,904</b>	<b>-</b>
<b>NET CARRYING VALUE:</b>		
At December 31, 2023	-	15,000,000
At December 31, 2024	14,041,096	-

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**10. OTHER CURRENT ASSETS**

	As of	
	31-Dec-24	31-Dec-23
Prepaid Expenses	399,999	466,666
	<b>399,999</b>	<b>466,666</b>

**11. CASH AND CASH EQUIVALENTS**

	For the year ended	
	31-Dec-24	31-Dec-23
Cash at bank	170,664	128,261
	<b>170,664</b>	<b>128,261</b>

The above cash and cash equivalent balance has been considered in preparation of the statement of cash flows.

**12. SHARE CAPITAL AND SHAREHOLDING**

The shareholding of the Company as at 31 December 2024 is as stated below: -

	As of	
	31 Dec 2024	31 Dec 2023
<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Airtel Telesonic Kenya Holdings (UK) Limited	1,000	1,000
<b>Authorized:</b>		
1,000 ordinary shares of KShs. 100 each	100,000	100,000
<b>Issue, subscribed and fully paid</b>		
1,000 ordinary shares of KShs. 100 each	100,000	100,000

**13. TRADE AND OTHER PAYABLES**

	As of	
	31-Dec-24	31-Dec-23
Amounts due to related parties (Note 31)	16,833,333	15,533,333
Accrued expenses & Other payables	658,750	-
	<b>17,492,083</b>	<b>15,533,333</b>

**14. RELATED PARTY TRANSACTIONS**

The company's parent company is Airtel Telesonic Kenya Holdings (UK) Limited. Below is a summary of the key transactions with related parties;

	As of		Relationship
	31-Dec-24	31-Dec-23	
<b>Payable to related parties</b>			
Airtel Networks Kenya Limited	16,833,333	15,533,333	Fellow subsidiary
	<b>16,833,333</b>	<b>15,533,333</b>	

Related party transaction relates to acquisition of license fee, annual license fee and audit fees payments made by Airtel Networks Kenya Limited.

**15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program 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 management under policies approved by the Board of Directors.

## **MARKET RISK**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

### • **Foreign Exchange Risk**

The company's currency risk arises mainly from fluctuation of the Kenya Shilling against the US Dollar since the company has liabilities and receivables from related parties that are denominated in US Dollar. The company manages foreign exchange risk by converting its foreign currency balances into local currency on an on-going basis to cater for its operational requirements. The sensitivity analysis has been prepared on the basis that the trade receivables, payables and the proportion of financial instruments in foreign currencies are all constant.

The assumption in calculation of the sensitivity analysis is that the sensitivity of the relevant statement of profit or loss is the effect of the assumed changes in the respective market risk, the sensitivity of equity is calculated by considering the effects of the assumed changes of the underlying risks.

At 31 December 2024, if the Ksh. had weakened/strengthened by 5% against the US dollar with all other variables held constant, pre-tax profit/(loss) for the year would have been KShs. 5,282 (2023: KShs. 6,413) lower/higher, mainly as a result of US dollar denominated trade receivables and payables.

The balances in foreign currencies at year end were as follows;

	<b>As of</b>	
	<b>31-Dec-24</b>	<b>31-Dec-23</b>
<b>Assets in foreign Currencies</b>		
Cash and cash equivalents	105,646	<b>128,261</b>
<b>Total Asset</b>	<b>105,646</b>	<b>128,261</b>
Net foreign currency asset	<b>105,646</b>	<b>128,261</b>
Sensitivity analysis 5%	5,282	6,413

## **CREDIT RISK**

Credit risk also arises from cash and deposits with banks and financial institutions, amounts from related parties. The company has no significant concentrations of credit risk. Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Bank balances are not restricted and include deposits held with banks that have high credit ratings. Bank balances are thus considered investment grade. Impairment loss on the bank balances is therefore not material.

## **15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

### **CREDIT RISK (CONTINUED)**



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The Cash and Cash equivalents are carried at gross amount – amortized cost. The loss allowance on cash and cash equivalents, if recognized, would pass through the profit and loss account and would be borne by Airtel Kenya Limited. The current liquid assets have been recognized as the principal amount receivable to the Banks excluding any interest.

<b>31-Dec-24</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net amount</b>
Cash and cash equivalent	170,664	-	170,664
	<b>170,664</b>	<b>-</b>	<b>170,664</b>

<b>31-Dec-23</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net amount</b>
Cash and cash equivalent	128,261	-	128,261
	<b>128,261</b>	<b>-</b>	<b>128,261</b>

#### **LIQUIDITY RISK**

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations from its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The table below summarizes the maturity profile of the company's financial liabilities based on contractual undiscounted payments:

	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Totals</b>
<b>At 31 December 2024:</b>			
<b>Liabilities</b>			
Trade and other payables	16,833,333	-	16,833,333
<b>Total financial liabilities</b>	<b>16,833,333</b>	<b>-</b>	<b>16,833,333</b>

	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Totals</b>
<b>At 31 December 2023:</b>			
<b>Liabilities</b>			
Trade and other payables	15,533,333	-	15,533,333
<b>Total financial liabilities</b>	<b>15,533,333</b>	<b>-</b>	<b>15,533,333</b>

#### **CAPITAL MANAGEMENT**

Capital includes equity attributable to the equity holders of the company. The company manages its capital structure and adjusts it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares.

#### **16. EVENTS AFTER THE REPORTING DATE**

There are no material events after the reporting date that would require adjustment to, or disclosure in, these financial statements.