AIRTEL TELESONIC UGANDA LIMITED

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31st DECEMBER 2024

AIRTEL TELESONIC UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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# COMPANY INFORMATION

| | |
|---|---|
| REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS | Airtel Uganda Limited<br>Plot 16A Clement Hill Road<br>P O Box 6771<br>Kampala, Uganda |
| COMPANY SECRETARY | Godfrey Bakibinga<br>Airtel Uganda Limited<br>Plot 16A Clement Hill Road<br>P O Box 6771<br>Kampala, Uganda |
| BANKERS | Stanbic Bank (U) Ltd<br>10th Floor, Short Tower<br>17 Hannington Road<br>Crested Towers<br>Kampala, Uganda |
| AUDITORS | Deloitte & Touche<br>Certified Public Accountant of Uganda<br>3rd Floor, Rwenzori House<br>1 Lumumba Avenue<br>P O Box 10314<br>Kampala, Uganda |

## DIRECTORS' REPORT

The Directors submit their report and audited Financial Statements of Airtel Telesonic Uganda Limited ("the Company") for the year ended 31st December 2024, which show the state of affairs of the Company.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are to establish, install, manage, and maintain communications infrastructure, either on its own or in alliance with any others either under strategic alliances or joint venture or any other related arrangement within Uganda, and everywhere else in the world. The Company's operation is expected to start from September 2025.

### FINANCIAL RESULTS

| | 2024<br>Ushs million | 2023<br>Ushs million |
|---|---|---|
| **Loss before taxation** | (71) | (23) |
| Taxation charge | - | - |
| **Loss for the year** | (71) | (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 year and to the date of this report were as follows:

| | | |
|---|---|---|
| Soumendra Sahu | - | Non-Executive Director (Appointed 10 March 2025) |
| Phanindra Nichanametla | - | Non-Executive Director |
| Manoj Murali | - | Non-Executive Director (Resigned 31 October 2024) |

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

### AUDITORS

Deloitte & Touche, Certified Public Accountant of Uganda, have expressed their willingness to continue in office in accordance with the provisions of Section 163 (2) of the Companies Act Cap. 106 of the laws of Uganda.

**BY ORDER OF THE BOARD**
**Secretary**

29 March 2025
Kampala

## STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies Act Cap. 106 of the Laws of Uganda requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the State of Financial Affairs of the Company as at the end of the financial year and of its operating results for that year. 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 year's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards issued by the International Accounting Standards Board and in the manner required by the Companies Act Cap. 106 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 28 March 2025 and signed on its behalf by:

S.K. Sahu

**Soumendra Sahu**
**Director**

**Phanindra Nichanametla**
**Director**

Deloitte.

Deloitte & Touche
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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 25, which comprise the statement of financial position as at 31 December 2024, 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 a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Airtel Telesonic Uganda 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 and the requirements of the Companies Act Cap. 106 of the Laws of Uganda.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. 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 code of Ethics issued by the Institute of Certified Public Accountants of Uganda. This code is in line with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of Airtel Telesonic Uganda Limited. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and in accordance with other ethical requirements applicable to performing the audit of Airtel Telesonic Uganda Limited.

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 Cap. 106 of the laws of Uganda. The other information does not include the financial statements and our auditor's report thereon.

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

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

## 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 IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106 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 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AIRTEL TELESONIC UGANDA LIMITED (CONTINUED)

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

- 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal requirements**

As required by the Companies Act Cap. 106, 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**

28 March **2025**

**Kampala**

**Paul Ssali**
**Partner**

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Note | 2024<br>Ushs millions | 2023<br>Ushs millions |
|---|---|---|---|
| **Income** | | | |
| Revenue | 6 | - | - |
| | | **-** | **-** |
| **Expenses** | | | |
| Other operating expenses | 7 | (20) | (23) |
| Amortisation of intangible assets | 8 | (31) | - |
| | | **(51)** | **(23)** |
| **Operating loss** | | **(51)** | **(23)** |
| Finance income | 9(a) | 8 | - |
| Finance costs | 9(b) | (28) | - |
| **Loss before tax** | | **(71)** | **(23)** |
| Income tax expense | 10 | - | - |
| **Loss for the year** | | **(71)** | **(23)** |
| **Total comprehensive loss for the year, net of tax** | | **(71)** | **(23)** |

AIRTEL TELESONIC UGANDA LIMITED

## STATEMENT OF FINANCIAL POSITION
## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Note | 2024<br>Ushs millions | 2023<br>Ushs millions |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible Assets | 11 | 575 | - |
| | | **575** | **-** |
| **Current assets** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 12 | 28 | 746 |
| Other current assets | 13 | 110 | - |
| | | **138** | **746** |
| **TOTAL ASSETS** | | **713** | **746** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 14 | 500 | 500 |
| Retained earnings | | (94) | (23) |
| | | **406** | **477** |
| **Non-current liabilities** | | | |
| **Financial liabilities** | | | |
| Borrowings | 15 | 264 | 246 |
| | | **264** | **246** |
| **Current liabilities** | | | |
| **Financial liabilities** | | | |
| Trade payables and other payables | 16 | 43 | 23 |
| | | **43** | **23** |
| **TOTAL EQUITY AND LIABILITIES** | | **713** | **746** |

The Financials Statements on pages 8 to 25 were approved for issue by the Board of Directors on 28 March 2025 and signed on its behalf by:

J.K. Sahu

**Soumendra Sahu**
**Director**

**Phanindra Nichanametla**
**Chairman**

AIRTEL TELESONIC UGANDA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

| Particulars | Share Capital Ushs millions | Retained earnings Ushs millions | Grand total Ushs millions |
|---|---|---|---|
| **At 1 January 2023** | **500** | **-** | **500** |
| Loss for the period | - | (23) | (23) |
| **At 31 December 2023** | **500** | **(23)** | **477** |
| **At 1 January 2024** | **500** | **(23)** | **477** |
| Loss for the year | - | (71) | (71) |
| **At 31 December 2024** | **500** | **(94)** | **(406)** |

AIRTEL TELESONIC UGANDA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | Note | 2024 Ushs millions | 2023 Ushs millions |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Loss before tax** | | **(71)** | **(23)** |
| | | | |
| **Adjustments for:** | | | |
| Amortisation of intangible assets | 8 | 31 | - |
| Unrealised foreign exchange gain | | (7) | - |
| Interest on borrowings | 9(b) | 25 | - |
| **Operating cash flow before changes in working capital** | | **(22)** | **(23)** |
| Increase in other financial and non-financial assets | 13 | (110) | - |
| Increase in trade payables and other payables | 16 | 20 | 23 |
| **Net cash used in operations before tax** | | **(112)** | **-** |
| Income tax paid | | - | - |
| **Net cash used in operating activities (a)** | | **(112)** | **-** |
| **FINANCING ACTIVITIES** | | | |
| Proceeds of borrowings | 15 | - | 246 |
| Purchase of intangibles | 11 | (606) | - |
| **Net cash flows used in financing activities (b)** | | **(606)** | **246** |
| **Net movement in cash and cash equivalents during the year (a+b)** | | **(718)** | **246** |
| Cash and cash equivalents as at beginning of the year | | 746 | 500 |
| **Cash and cash equivalents as at end of the year** | **12** | **28** | **746** |

## 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 IFRS ACCOUNTING STANDARDS

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

In the current year, 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 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Amendments to IAS 7 Statement of Cash flows and IFRS 7 financial instruments: Disclosures titled supplier finance arrangements**

The Company has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments

- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

**Amendments to IAS 1 Classification of Liabilities as Current or Non-current**

The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

## 2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

### 2.1 New and amended Standards that are effective for the current year (Continued)

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants**

The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

**Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback**

The Company has adopted the amendments to IFRS 16 for the first time in the current year.

## 2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

### 2.1 New and amended Standards that are effective for the current year (Continued)

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

### 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.

| Standard or amendment | Description | Effective date |
|---|---|---|
| IFRS 18 | Presentation and Disclosures in Financial Statements | 1 January 2027 |
| Amendments to IAS 21 | Lack of Exchangeability (Amendments to IAS 21) | 1 January 2025 |
| Amendments IFRS 9 and IFRS 7 | Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments | 1 January 2026 |
| Annual IFRS improvement Volume 11 | Annual Improvements to IFRS Accounting Standards — Volume 11 | 1 January 2026 |

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, except if indicated below.

## 2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

### 2.2 New revised standards in issue but not yet effective (Continued)

**Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024**

**IFRS 18- Presentation and Disclosures in Financial Statements**

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods.

**Lack of Exchangeability (Amendments to IAS 21)**

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- **Specify when a currency is exchangeable into another currency and when it is not** — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- **Specify how an entity determines the exchange rate to apply when a currency is not exchangeable** — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

- **Require the disclosure of additional information when a currency is not exchangeable** — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

## 2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

### 2.2 New and revised standards in issue but not yet effective (Continued)

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

The amendments to IAS 21 are effective for accounting periods beginning on or after 1 January 2025 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments**

The International Accounting Standards Board (IASB) has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments.

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

The amendments to IFRS 9 and IFRS 7 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**Annual Improvements to IFRS Accounting Standards — Volume 11**

The IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11

| Standard | The amendment |
|---|---|
| IFRS 1 First-time Adoption of International Financial Reporting Standards | **Hedge accounting by a first-time adopter.** The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 *Financial Instruments*. |
| IFRS 7 Financial Instruments: Disclosures | **Gain or loss on derecognition.** The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 *Fair Value Measurement* was issued. |
| IFRS 7 Financial Instruments: Disclosures (implementation guidance only) | **Disclosure of deferred difference between fair value and transaction price.** The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance. |

## 2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

### 2.2 New and revised standards in issue but not yet effective (Continued)

| | |
|---|---|
| IFRS 7 Financial Instruments: Disclosures (implementation guidance only) | **Introduction and credit risk disclosures.** The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations. |
| IFRS 9 Financial Instruments | **Lessee derecognition of lease liabilities.** The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9. |
| IFRS 9 Financial Instruments | **Transaction price.** The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 *Revenue from Contracts with Customers* while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15. |
| IFRS 10 Consolidated Financial Statements | **Determination of a 'de facto agent'.** The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs. |
| IAS 7 Statement of Cash Flows | **Cost method.** The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards. |

The annual improvement volume 11 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

## 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 IFRS Accounting Standards issued by the International Accounting Standards Board 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 year, except otherwise indicated.

## 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (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).

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, maximising the use of relevant observable inputs and minimising 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.

## 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (c) Functional currency and translation of foreign currencies (Continued)

#### Transactions and balances (Continued)

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.

### (d) Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired in a business combination are initially recognised at fair value at the acquisition date. Other intangible assets are recognised at cost which includes its purchase price and cash price equivalent of deferred payments beyond normal credit terms, if any. Intangible assets with definite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit and loss as incurred.

The Company has one intangible asset which is the licence (spectrum) and below are the details of its useful life.

#### Licences (spectrum)

Acquired licenses amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction over the relevant license period.

### (e) 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.

## 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (f) Income tax

Income tax expense is the aggregate of the charge to the profit or loss in respect of current income tax and deferred tax. Tax is recognised in profit or loss account except to the extent that it relates to items recognised outside profit or loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly within other comprehensive income or directly in equity. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act.

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax is not accounted for if it arises from the 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

### (g) 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.

### (h) 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.

### (i) 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.

### (j) 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.

## 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (k) Dividends

Dividend to shareholders is recognised as a liability and deducted from Equity, in the year 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 year 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

### Intangible assets

Intangible assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

## 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.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

**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.

**(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.

**b) Price risk**

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

**(i) 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.

**(c) 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. The Company's operation is expected to start from September 2025, and in the interim the Company will meet its financial obligations through Parent support and inter-company borrowings.

## 5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) 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.

| | 2024<br>Ushs millions | 2023<br>Ushs millions |
|---|---|---|
| **6 REVENUE** | | |
| Service revenues | - | - |
| **7 OTHER OPERATING EXPENSES** | | |
| Auditor's remuneration | 20 | 23 |
| **8 AMORTISATION OF INTANGIBLE ASSETS** | | |
| Amortisation of intangible assets | 31 | - |
| **9(a) FINANCE INCOME** | | |
| Net exchange gain | 8 | - |
| **9(b) FINANCE COSTS** | | |
| Interest on borrowings | 25 | |
| Other finance charges | 3 | |
| | **28** | **-** |

## 10 INCOME TAX EXPENSE

The tax on the company's loss before income tax differs from the amount that would arise using the statutory income tax rate as follows:

| | 2024<br>Ushs millions | 2023<br>Ushs millions |
|---|---|---|
| Loss before income tax | (71) | (23) |
| Tax calculated at the statutory income tax rate of 30% | (21) | (7) |
| Deferred income tax asset not recognised | 21 | 7 |
| **Income tax expense** | **-** | **-** |

## 11 INTANGIBLE ASSETS

| | Licence<br>Ushs millions |
|---|---|
| **Cost** | |
| **At 1 January 2024** | - |
| Additions | 606 |
| **At 31 December 2024** | **606** |
| **Accumulated Depreciation** | |
| **At 1 January 2024** | - |
| Charge for the period | 31 |
| **At 31 December 2024** | **575** |

## 12 CASH AND CASH EQUIVALENTS

| | 2024<br>Ushs millions | 2023<br>Ushs millions |
|---|---|---|
| Bank balance | 28 | 746 |

## 13 OTHER CURRENT ASSETS

| | | |
|---|---|---|
| Input Tax – Goods & Services | 110 | - |

## 14 SHARE CAPITAL

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

The shareholding of the Company as at 31st December 2024 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** | |

## 15 BORROWINGS

| | Maturity | 2024<br>Ushs millions | 2023<br>Ushs millions |
|---|---|---|---|
| **Non-Current** | | | |
| Loan from Airtel Telesonic Holding (UK) Limited (Holding Company) | 2025 | 264 | 246 |

## 15 BORROWINGS (CONTINUED)

**Borrowings movement schedule**

| | 2024 Ushs millions | 2023 Ushs millions |
|---|---|---|
| At the beginning of the period | 246 | - |
| Proceeds from loan | - | 246 |
| Interest cost | 25 | - |
| Unrealised foreign exchange (gain)/loss | (7) | - |
| | **264** | **246** |

## 16 TRADE PAYABLES AND OTHER PAYABLES

| | | |
|---|---|---|
| Trade payables and other payables | 43 | 23 |

## 17 RELATED PARTY DISCLOSURES

**a) Borrowing from related party**

| | | |
|---|---|---|
| Airtel Uganda Telesonic Holding (UK) Limited. (Holding Company) | 264 | 246 |
| **Total due to related parties** | **264** | **246** |

**b)** Airtel Uganda paid document fees of Ushs 50,000 on behalf of the Company.

## 18 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** | **Carrying Amount** | | **Fair Value** | |
|---|---|---|---|---|
| | **2024 Ushs millions** | **2023 Ushs millions** | **2024 Ushs millions** | **2023 Ushs millions** |
| **Financial assets** | | | | |
| **Amortised Cost** | | | | |
| Cash and cash equivalents | 28 | 746 | 28 | 746 |
| | **28** | **746** | **28** | **746** |
| **Financial Liabilities** | | | | |
| **Amortised Cost** | | | | |
| Borrowings | 264 | 246 | 264 | 246 |
| Trade payables | 43 | 23 | 43 | 23 |
| | **307** | **269** | **307** | **269** |

## 19 SUBSEQUENT EVENTS

There were no material subsequent events for the year ended 31 December 2024. The Directors are not aware of any other matter or circumstances since the financial year 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.