

AIRTEL ZAMBIA TELESONIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 December 2024

**AIRTEL ZAMBIA TELESonic LIMITED**

(incorporated in Zambia)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

for the year ended 31 December 2024

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## **AIRTEL ZAMBIA TELESONIC LIMITED**

### **DIRECTORS' REPORT**

for the year ended 31 December 2024

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The Directors present their annual report on the affairs of Airtel Zambia Telesonic Limited (the 'Company') together with the financial statements for the year ended 31 December 2024.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is the provision of data connectivity services.

#### **SHARE CAPITAL**

There were no changes to the authorised and issued share capital during the year.

#### **RESULTS**

The loss for the year ended 31 December 2024 amounted to K20.118 million (2023: K7.073 million) and the operating loss for the year ended 31 December 2024 amounted to K5.209 million (2023: K0.158 million).

#### **DIRECTORS**

The following Directors held office during the year and to the date of this report:

Name	Role	Date of appointment
Hussameldin Baday	Managing Director	Appointed on 6 September 2023
Rama Krishna Lella	Board Member	Appointed on 22 September 2022

#### **HEALTH AND SAFETY**

The Company has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

#### **GIFTS AND DONATIONS**

The Company did not make a donations during the year. (2023: Nil).

#### **PROPERTY, PLANT AND EQUIPMENT**

The Company purchased property and equipment amounting to K44.000 million (2023: K66.262 million) during the year. In the opinion of the Directors, the recoverable amount of property, plant and equipment is not less than the carrying value.

#### **STATEMENT ON CORPORATE GOVERNANCE**

Airtel Zambia Telesonic Limited takes the issue of corporate governance seriously. The Company's focus is to have a sound corporate governance framework that contributes to improved corporate performance and accountability in creating long term shareholder value.

The Board concerns itself with key matters and the responsibilities for implementing the Company's strategy is delegated to management. The Board of Directors continues to provide considerable depth of knowledge and experience to the business.

None of the Directors had a material interest in any significant contracts concluded during the year. Further, no Director held any shares in the Company during the year.

#### **RELATED PARTY TRANSACTIONS**

The related party end balances have been disclosed in Note 26 to the financial statements.

#### **SUBSEQUENT EVENTS**

There are no material facts or subsequent events after the reporting date which would require adjustments or disclosure in the accompanying financial statements.

AIRTEL ZAMBIA TELESONIC LIMITED

DIRECTORS' REPORT (CONTINUED)  
for the year ended 31 December 2024

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**AUDITORS**

The Company's Auditor, Messrs Deloitte & Touche, indicated their willingness to continue in office. A resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

By order of the Board.



Suzyo Namonga Ndovi-Akatama  
Company Secretary

Date: 28 March 2025  
LUSAKA



AIRTEL ZAMBIA TELESONIC LIMITED

**STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 December 2024

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The Companies Act, 2017 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act, 2017.

The Directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2017.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. In preparing the company's financial statements, the Directors are required to make an assessment of the Company's ability to continue as a going concern.

In the opinion of the Directors:

- the statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the performance of the Company for the year ended 31 December 2024;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2024;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due;
- based on the assessments, the Company should continue to adopt a going concern basis of accounting in preparing the financial statements;
- the financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2017; and
- the Directors have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act, 2017.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework described above. Their report is shown on pages 4 and 5.

**Approval of the financial statements**

The financial Statements of the Company as indicated above, were approved by the Directors on 28 March 2025 and signed on behalf of the Board by:



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Hussameldin Baday



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Rama Krishna Lella

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

Airtel Zambia Telesonic Limited

Report on the financial statements

### Opinion

We have audited the financial statements of Airtel Zambia Telesonic Limited set out on pages 6 to 30, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Airtel Zambia 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 and in compliance with the Companies Act, 2017.

### Basis of 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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Directors' responsibilities, as required by the Companies Act, 2017 which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. 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 any form of assurance or 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 on the other information that we obtained prior to the date of this auditor's report, 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 in the manner required by of the Companies Act, 2017, and for such internal control as the Directors determine is necessary to enable the preparation of the 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **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 management.
- 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, amongst 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.

### **Report on other legal and regulatory requirements**

The Companies Act, 2017 requires that in carrying out our audit of Airtel Zambia Telesonic Limited, we report on whether:

- there is a relationship, interest or debt which us, as the Company's auditor, have in the Company;
- there are serious breaches by the Company's Directors, of corporate governance principles or practices contained in Part VII's Sections 82 to 112 of the Zambia Companies Act of 2017; and
- there is an omission in the financial statements as regards particulars of loans made to a Company Officer (a director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have no matters to report.

  
DELOITTE & TOUCHE



Alice Jere Tembo  
Audit Partner  
PC NO: AUD/F000433  
Date: 31 March 2025

AIRTEL ZAMBIA TELESONIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Kwacha	Note	For the year ended	
		31 December 2024	31 December 2023
Income			
Revenue	8	842 177	-
		<u>842 177</u>	<u>-</u>
Expenses			
Depreciation and amortisation	9(a)	(5 812 693)	-
Other expenses	9(b)	<u>(238 131)</u>	<u>(157 831)</u>
		<u>(6 050 824)</u>	<u>(157 831)</u>
Operating loss		(5 208 647)	(157 831)
Net exchange losses	10	(5 775 403)	(6 834 879)
Finance costs	11	<u>(9 133 541)</u>	<u>(79 930)</u>
Loss before tax		<u>(20 117 591)</u>	<u>(7 072 640)</u>
Income tax expense	12	<u>-</u>	<u>-</u>
Loss and total comprehensive loss for the year		<u><u>(20 117 591)</u></u>	<u><u>(7 072 640)</u></u>

AIRTEL ZAMBIA TELESONIC LIMITED

STATEMENT OF FINANCIAL POSITION

Kwacha	Note	As of	
		31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property and equipment	15	33 548 460	-
Capital work-in-progress	15	10 149 742	66 261 941
Right-of-use assets	16	61 012 765	-
Intangible assets	17	3 093 769	3 357 917
		<u>107 804 736</u>	<u>69 619 858</u>
Current assets			
Financial assets			
- Amounts due from related parties	18	116 475 610	15 000
- Cash and cash equivalents	19	9 755 110	1 460 150
Other current assets	20	2 676 455	-
		<u>128 907 175</u>	<u>1 475 150</u>
Total assets		<u>236 711 911</u>	<u>71 095 008</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	15 000	15 000
Accumulated losses		<u>(27 190 231)</u>	<u>(7 072 640)</u>
Total equity		<u>(27 175 231)</u>	<u>(7 057 640)</u>
Non-current liabilities			
Financial liabilities			
- Borrowings	21	-	74 556 970
Contract liabilities	22	87 902 189	-
		<u>87 902 189</u>	<u>74 556 970</u>
Current liabilities			
Financial liabilities			
- Borrowings	21	110 887 191	-
- Trade and other payables	23	39 321 342	3 595 678
Contract liabilities	22	9 790 304	-
Other current liabilities	24	15 986 116	-
		<u>175 984 953</u>	<u>3 595 678</u>
Total liabilities		<u>263 887 142</u>	<u>78 152 648</u>
Total equity and liabilities		<u>236 711 911</u>	<u>71 095 008</u>

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 3. The financial statements on pages 6 to 30 were approved for issue by the Board of Directors on 28 March 2025 and were signed on its behalf by:



Hussameldin Baday



Rama Krishna Lella

AIRTEL ZAMBIA TELESONIC LIMITED

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2024

Kwacha

	Share capital	Retained earnings	Total
Balance at 1 January 2023	-	-	-
Share capital	15 000	-	15 000
Total comprehensive loss for the year	-	(7 072 640)	(7 072 640)
Balance at 31 December 2023	<u>15 000</u>	<u>(7 072 640)</u>	<u>(7 057 640)</u>
At 1 January 2024	15 000	(7 072 640)	(7 057 640)
Total comprehensive loss for the year	-	(20 117 591)	(20 117 591)
Balance at 31 December 2024	<u>15 000</u>	<u>(27 190 231)</u>	<u>(27 175 231)</u>



**AIRTEL ZAMBIA TELESONIC LIMITED**

**STATEMENT OF CASH FLOWS**

		For the year ended	
Kwacha	Note	31 December 2024	31 December 2023
Cash flows from operating activities			
Loss before income tax		(20 117 591)	(7 072 640)
Adjustments for:			
Finance costs	11	9 111 184	79 930
Depreciation and amortisation	9(a)	5 812 693	-
Interest capitalised on borrowings	21	6 203 145	-
Net exchange losses on borrowings	21	9 621 755	1 549 470
Net unrealised exchange losses on cash and cash equivalents		(910 885)	-
Operating cash flows before changes in working capital		9 720 301	(5 443 240)
<i>Changes in working capital:</i>			
Increase in amounts due from related parties		(116 460 610)	-
Increase in other current assets		(2 676 455)	-
Increase in trade and other payables		18 493 514	157 831
Increase in amounts due to related parties		431 427	-
Increase in contract liabilities		97 692 493	-
Increase in other current liabilities		15 986 116	-
Net cash flows generated from operating activities		23 186 786	(5 285 409)
Cash flows from investing activities			
Purchase of property and equipment (i)	15	(27 196 848)	-
Net cash flows used in investing activities		(27 196 848)	-
Cash flows from financing activities			
Proceeds from borrowings	21	22 714 020	73 007 500
Finance costs paid	11	(9 111 184)	-
Interest paid on borrowings	21	(2 208 699)	-
Payment of lease liability	16	-	(71 547 350)
Net exchange losses on the lease payment	10	-	5 285 409
Net cash flows generated from financing activities		11 394 137	6 745 559
Net increase in cash and cash equivalents		7 384 075	1 460 150
Cash and cash equivalents at beginning of the year		1 460 150	-
Effects of currency translation on cash and cash equivalents		910 885	-
Cash and cash equivalents at end of the year		9 755 110	1 460 150

(i) Reflects actual payments made.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2024

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**1. CORPORATE INFORMATION**

Airtel Zambia Telesonic Limited (the 'Company') was incorporated in Zambia under the Companies Act, 2017 as a private limited Company, and is domiciled in Zambia. The Company was incorporated in 2022 and the registered office address is:

Airtel Zambia Telesonic Limited  
Airtel House  
Corner of Addis Ababa Drive  
and Great East Road, Stand 2375  
P.O. Box 320001  
Lusaka

The Company's principal activities are disclosed on page 1 of the Director's report.

The financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 28 March 2025.

**2. GOING CONCERN**

The Company recorded a net loss of K20.118 million (2023:K7.073 million). As at 31 December 2024, accumulated losses were K27.190 million (2023:K7.073 million) and the Company was in a net current liability position of K47.078 million (2023: K2.121 million).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Company has started operations this year ,monetising its assets by having IRU contracts and the revenue will be growing in the coming year . The Directors are of the opinion that the Company is a going concern on the basis that the Company:

a) Will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on stability of the Kwacha/US Dollar exchange rate and on management achieving revenue growth targets. In their assessment, the Directors have assumed that the Kwacha will not depreciate significantly against the US Dollar and that the Company will achieve a revenue growth for 2025;

b) Has access to financing facilities and will obtain sufficient funding from banks and holding company to meet its obligations as and when they fall due.

c) Has a prudent liquidity risk management measure, in which the Company closely monitors its liquidity position and deploys a robust cash management system; and

On the basis of the above information, the Directors consider that the Company will continue to operate for the foreseeable future within the available financial resources. Accordingly, the Directors are of the opinion that the preparation of these financial statements on the going concern basis is appropriate and confident that the funds described above will be available to the Company to support its obligations as required.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**3.1 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.



**3. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**3.1 New and amended Standards that are effective for the current year (continued)**

Amendments to IAS 7 Statement of Cash flows and IFRS 7 financial instruments: Disclosures titled supplier finance	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.
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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	The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.
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Classification of Liabilities as Current or Non-current	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.
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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	The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.
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Presentation of Financial Statements—Non-current Liabilities with Covenants	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).
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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.

**3. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**3.1 New and amended Standards that are effective for the current year (continued)**

Amendments to IFRS 16	The Company has adopted the amendments to IFRS 16 for the first time in the current year.
Leases—Lease Liability in a Sale and Leaseback	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.
Amendments to IFRS 16	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.
Leases—Lease Liability in a Sale and Leaseback	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.

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

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

Amendments to IAS 21	<i>Lack of Exchangeability</i>
IFRS 18	Presentation and Disclosures in Financial Statements
Amendments IFRS 9 and IFRS 7	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments
Annual IFRS improvement Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11
Amendments to IAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i>

The Directors of the Company 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.

**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability**

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

**3. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**3.2 New and revised Standards in issue but not yet effective (continued)**

**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability**

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

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

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 December 2024

**3. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**3.2 New and revised Standards in issue but not yet effective (continued)**

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

<b>Standard</b>	<b>The amendment</b>
IFRS 1 First-time Adoption of International Financial	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. 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. 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.

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

**4. MATERIAL ACCOUNTING POLICY INFORMATION**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**(a) Statement of compliance**

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board as issued by the International Accounting Standards Board (IASB).

**(b) Basis of accounting**

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 generally based on the fair value of the consideration given in exchange for goods and services.

**4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(b) Basis of accounting (continued)**

**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) Revenue recognition**

The Company's revenue arises from billing customers for monthly data connectivity services.

Revenue is recognised upon transfer of control of promised 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. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary. To the extent that the intermediary is considered an agent, the consideration to which the Company is entitled is determined to be the amount received from the customer; the discount provided to the intermediary is recognised as a cost of sale.

A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

**(d) Segment Reporting**

Management has determined the operating segments based on the reports reviewed by the Managing Director that are used to make strategic decisions. The Managing Director considers the business as a single operating segment, being Zambia operations, as the information reported to the Managing Director for the purpose of strategic decision making is not presented per product line. The Company does not at present, have distinguishable business segments.

The Managing Director reviews financial information based on the performance of the Company as a single operating segment with revenue analysed by category whilst expenses and assets are reported on a combined basis for the entire operating unit. The financial information does not include profit or loss information for the individual product lines. The Managing Director and the Board assess the performance of the Company based on profit for the period or year.

**(e) Foreign currencies**

The financial statements are presented in Zambian Kwacha, being the currency of the primary economic environment in which the Company operates (the functional currency). Transactions in foreign currencies are converted into Zambia Kwacha using the exchange rates prevailing at the dates of the transactions.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 31 December 2024

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the foreign exchange rate ruling at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. 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.

(f) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. All property, plant and equipment is subsequently measured at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The expenditures that are incurred after an item of property, plant and equipment has been put to use, such as repairs and maintenance, are normally charged to the profit or loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as a separate component of each asset. When an item of property, plant and equipment is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item is recognised.

Categories	Years
Buildings	20
Leasehold improvements	10 or period of lease, as applicable, which ever is less.
Network equipment	3 - 25
Computer equipment	3 - 5
Office furniture and equipment	1 - 5

An item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement and disposal.

Property, plant and equipment in the course of construction is carried at cost, less any accumulated impairment and presented separately as capital work-in-progress ('CWIP') including capital advances in the statement of financial position until capitalised. Such cost comprises of purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost.

The Company has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each others' network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Company's network i.e. the service is rendered.

(g) Leases

At inception of a contract, the Company assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

**4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONITINUED)**

**(a) The Company as lessee**

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on index, exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, including due to changes in CPI or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain re-measurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying asset.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

**i. Short-term leases**

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(b) The Company as lessor**

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

The Company enters into indefeasible right-to-use (IRU) arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 December 2024

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**4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(h) Inventories**

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing it to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable costs necessary to make the sale.

The amount of any write down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write down or loss occurs.

**(i) Cash and cash equivalents**

In the statement of financial position cash and cash equivalents include cash in hand, wallet balances, bank balances, cheques 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). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts which are repayable on demand and form any integral part of the Company's cash management are also included as a component of cash and cash equivalents.

**(j) Statement of cash flows**

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.

**(k) Financial instruments**

**i. 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 Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all non-derivative financial liabilities as measured at amortised cost.

Financial assets with embedded derivatives are considered in their entirety for determining the contractual terms of the cash flow and accordingly, embedded derivatives are not separated. However, derivatives embedded in non-financial instrument/financial liabilities (measured at amortised cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

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 Company 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.

**ii. 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 statement of profit or loss and other comprehensive income.



**4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(k) Financial instruments (Continued)**

**ii. Measurement - Non-derivative financial instruments (continued)**

**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 costs is significant). Interest income from these financial assets is included in finance income.

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 period, 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.

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. Provision is made for outstanding amounts over 90 days.

**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).

**iii. Measurement - derivative financial instruments**

Derivative financial instruments, including separated embedded derivatives that are not designated as hedging instruments in a hedging relationship are classified as financial instruments at fair value through profit or loss. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in profit or loss within finance income/finance costs.

**iv. 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 Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the statement of profit or loss and other comprehensive income.

**(l) Share capital and Share premium**

Issued ordinary shares are classified as 'share capital' in 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.

**4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(m) Employee benefits**

**1. Defined Contribution Plan**

The Company operates a defined contribution scheme for all its employees. The Company and all its employees also contribute to the National Pension Scheme Fund, a State managed retirement benefit plan which is a defined contribution scheme. Membership is compulsory and monthly contributions by both employer and employees are made. A defined contribution plan is a retirement benefit plan under which the Company pays fixed contributions into a separate company. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**2. Other entitlements**

The estimated liability for employees' accrued gratuity and annual leave entitlement at the reporting date is recognised as an expense accrual, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**(n) Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable Company.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised, except:

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

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(o) Intangible assets**

The Company's intangible asset comprise of licenses. Licenses are recognised as an asset when it is probable that future economic benefits from the asset will flow to the Company and the cost of the license can be reliably measured.

Licenses are initially measured at cost and subsequently amortised on a straight-line basis over their useful lives. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation periods are reviewed annually and adjusted prospectively as required. Gains or losses arising from derecognition of licenses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Licenses are amortised over the relevant license period.

**(p) Impairment of non-financial assets**

Property, plant and equipment (PPE), right-of-use assets (ROU) and intangible assets

PPE, ROU and intangible assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro rata basis. Impairment losses, if any, are recognised in statement of profit and loss.

**(q) Reversal of impairment losses of non-financial assets**

*Reversal of impairment losses*

Impairment losses are reversed and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset in previous years.

**(r) Operating loss**

Operating loss is stated as revenue less operating expenditure including depreciation and amortisation and operating exceptional items. Operating profit excludes finance income, finance costs, other non-operating income and foreign exchange gains and losses.

**(s) Dividends**

Dividends to shareholders of the Company are deducted from retained earnings and recognised as a liability, in the year in which the dividends are approved by the shareholders. Interim dividends are deducted from the retained earnings when they are paid.

**(t) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(u) 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.

**(v) Earning per share (EPS)**

The Company presents the Basic and Diluted EPS data. Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**(i) Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

*Taxation provisions*

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

*Determination of residual values and useful lives*

Judgement and estimations are used when determining the residual values and useful lives of property and equipment on annual basis.

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

The Company's activities expose it to a variety of financial risks: Market risk (including Foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

**(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 31 December 2024

Kwacha

## 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*(a) Market risk (continued)**(i) Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies and hedging through foreign currency forward contract. Policy is consistent with previous period.

The sensitivity of the statement of profit/loss before tax is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 December 2024 and 31 December 2023.

The following US Dollar exchange rates applied during the period:

	2024	2023
Average Rate	27.566	24.827
Closing Rate	<u>27.860</u>	<u>25.709</u>

*(ii) Price risk*

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

*(iii) 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 debt interest obligations with floating interest rates.

The Company's interest bearing financial liabilities was the borrowing of K110.887 million at year end (2023: K74.557 million). The Company regularly monitors financing options available to ensure optimum interest rates are obtained. At 31 December 2024, if effective interest rates on borrowings had been 2% higher/lower with all other variables held constant, pre tax loss would have been K2.038 million (2023: K1.491 million) lower/higher.

*(b) Credit risk*

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company and arises from cash equivalents and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. For banks and financial institutions, only reputable institutions are used.

The Company is not significantly exposed to credit risk on the retail side since the majority of its customers are on the prepaid plan and majority of the distributors /dealers are primarily on cash basis, or their credit is covered by a bank guarantee.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2024 is made up as follows:

	Note	2024	2023
Amounts due from related parties	18	116 475 610	15 000
Cash and cash equivalents	19	<u>9 755 110</u>	<u>1 460 150</u>
		<u>126 230 720</u>	<u>1 475 150</u>

Amounts due from related parties are assessed regarding credit risk at each reporting date. As the same are closely monitored and controlled by the same management, there is no provision matrix being followed on ageing basis. There have been no instances observed in the past where collection are assumed to be at risk for such related party receivable.

Based on the industry practices and the business environment in which the Company operates, management considers trade receivables are credit impaired if the payments are more than 90 days past due. In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 31 December 2024

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Liquidity risk*

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including term loans. For details on going concern and borrowings, refer to Notes 2 and 21 respectively.

The table below summarises the maturity profile of the Company's financial liabilities and assets based on contractual undiscounted payments.

	Note	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>Financial liabilities</b>						
<b>At 31 December 2024</b>						
- Trade and other payables	23	39 321 342	39 321 342	-	-	-
- Borrowings	21	110 887 191	120 988 494	-	-	-
<b>At 31 December 2023</b>						
- Trade and other payables	23	3 595 678	3 595 678	-	-	-
- Borrowings	21	74 556 970	-	90 030 564	-	-
<b>Financial assets</b>						
<b>At 31 December 2024</b>						
- Amounts due from related parties	18	116 475 610	116 475 610	-	-	-
- Cash and cash equivalents	19	9 755 110	9 755 110	-	-	-
<b>At 31 December 2023</b>						
- Amounts due from related parties	18	15 000	15 000	-	-	-
- Cash and cash equivalents	19	1 460 150	1 460 150	-	-	-

7. 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 provide 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 limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The gearing ratios at 31 December 2024 and 31 December 2023 were

	2024	2023
Total borrowings	110 887 191	74 556 970
Less: cash and cash equivalents	(9 755 110)	(1 460 150)
Net debt	101 132 081	73 096 820
Total equity	(27 175 231)	(7 057 640)
Total capital	73 956 850	66 039 180
Gearing ratio	137%	111%



**AIRTEL ZAMBIA TELESONIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 December 2024

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	2024	2023
<b>8. REVENUE</b>		
The Company derives its revenue from contracts with customers for provision of data connectivity services.		
Data connectivity revenue	842 177	-
	<u>842 177</u>	<u>-</u>
<i>Revenue recognised over time:</i>		
Data connectivity revenue	<u>842 177</u>	<u>-</u>
Performance obligations that are unsatisfied (or partially unsatisfied) amounting to K9.790 million at 31 December 2024 and nil as at 31 December 2023 will be satisfied within a period of one year.		
<b>9. LOSS BEFORE TAX</b>		
Loss before tax is stated after debiting:		
(a) Depreciation and amortisation		
Depreciation on right-of-use assets (Note 16)	5 249 176	-
Depreciation on property and equipment (Note 15)	299 369	-
Amortisation of intangible assets (Note 17)	264 148	-
	<u>5 812 693</u>	<u>-</u>
(b) Other expenses		
Auditors' remuneration - Statutory audit	130 000	-
Legal and professional charges	108 131	157 831
	<u>238 131</u>	<u>157 831</u>
<b>10. NET EXCHANGE LOSSES</b>		
Borrowings	9 621 755	1 549 470
Other balances *	(1 950 593)	5 285 409
Cash and cash equivalents	(1 895 759)	-
	<u>5 775 403</u>	<u>6 834 879</u>
The prior year exchange losses relate to the loss incurred on the lease payment. The asset has been capitalised at the initial Kwacha equivalent of K66,262,941 as disclosed in Note 16 to the financial statements. However, at the time of making payment for the optic fibre, the exchange rate had moved and an equivalent of K71,547,350 was paid, resulting into an exchange loss of K5,285,409 which has been expensed.		
<b>11. FINANCE COST</b>		
Interest expense on borrowings	9 111 184	79 930
Bank charges	22 357	-
	<u>9 133 541</u>	<u>79 930</u>
<b>12. INCOME TAX EXPENSE</b>		
The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
Loss before income tax	(20 117 591)	(7 072 640)
Tax calculated at the statutory income tax rate of 35%	(7 041 157)	(2 475 424)
Tax effect of:		
Deferred income tax asset not recognised	<u>7 041 157</u>	<u>2 475 424</u>
	<u>-</u>	<u>-</u>

The deferred tax asset arising from the tax losses of K7.041 million (2023: K2,475 million) has not been recognised as it is uncertain whether sufficient taxable profit will be generated in the foreseeable future to offset against the tax losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

## Kwacha

## 13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. There were no potentially dilutive shares outstanding at 31 December 2024 and 31 December 2023. Diluted earnings per share is therefore the same as basic earnings per share.

	2024	2023
Loss attributable to the equity holders of the Company	(20 117 591)	(7 072 640)
Weighted average number of ordinary shares	1 500 000	1 500 000
Basic/diluted earnings per share (Kwacha)	(13.41)	(4.72)

## 14. SHARE CAPITAL

	Number of shares	Ordinary shares
At 31 December 2024	1 500 000	15 000
At 31 December 2023	1 500 000	15 000

The total authorised number of ordinary shares is 1.5 million (2023: 1.5 million) with a par value of K0.01 per share. The issued and fully paid ordinary shares is 1.5 million (2023: 1.5 million).

## 15. PROPERTY AND EQUIPMENT

	Telecom Equipment	Total	Capital work in progress (i)
Historical Cost :			
At 1 January 2023	-	-	-
Additions	-	-	66 261 941
At 31 December 2023	-	-	66 261 941
At 1 January 2024	-	-	66 261 941
Additions	-	-	43 997 571
Transfers	33 847 829	33 847 829	(33 847 829)
Transfer to right of use asset (ii)	-	-	(66 261 941)
At 31 December 2024	33 847 829	33 847 829	10 149 742
Depreciation:			
At 1 January 2024			-
Charge for the year	299 369	299 369	-
At 31 December 2024	299 369	299 369	-
Carrying amount:			
At 31 December 2024	33 548 460	33 548 460	10 149 742
At 31 December 2023	-	-	66 261 941

(i) The carrying value of CWIP as at 31 December 2024 was K10.150 million, 2023 K66.262 million, which mainly pertains to fibre optic cables and related materials.

(ii) Upon certification of usage, the dark fibre was transferred from CWIP to right of use assets.

## 16. RIGHT-OF-USE ASSETS

	Telecom equipment	Total
At 1 January 2024	-	-
Additions	66 261 941	66 261 941
Charge for the year	(5 249 176)	(5 249 176)
At 31 December 2024	61 012 765	61 012 765

The Company has a lease for optic fibre cable used in the provision of data connectivity services. This lease runs for a period of 15 years. The lease payment was made upfront for the duration of the lease, therefore, there is no lease liability and interest on this lease.



AIRTEL ZAMBIA TELESONIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 31 December 2024

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17. INTANGIBLE ASSETS

	Network license	Total
Cost		
At 1 January 2023	-	-
Additions	3 357 917	3 357 917
At 31 December 2023	3 357 917	3 357 917
At 1 January 2024	3 357 917	3 357 917
At 31 December 2024	3 357 917	3 357 917
Amortization		
At 1 January 2024	-	-
Charge for the year	264 148	264 148
At 31 December 2024	264 148	264 148
Carrying amount		
At 31 December 2024	3 093 769	3 093 769
At 31 December 2023	3 357 917	3 357 917

18. AMOUNTS DUE FROM RELATED PARTIES

	2024	2023
Amounts due from related parties (Note 26)	116 475 610	15 000

19. CASH AND CASH EQUIVALENTS

Balances in banks		
- Current accounts	9 755 110	1 460 150

For the purpose of the statement of cash flows, cash and cash equivalents are as follows:

Cash and bank balances	9 755 110	1 460 150
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The Company does not have any overdraft facilities with any bank.

20. OTHER CURRENT ASSETS

Others assets	2 676 455	-
Other current assets relate to Input Value Added Tax of K2.676 million as at 31 December 2024.		

21. BORROWINGS

Current		
Term loan	110 887 191	74 556 970
Less : current	(110 887 191)	-
	-	74 556 970
Current maturity of term debts	110 887 191	-

**AIRTEL ZAMBIA TELESONIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 December 2024

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**21. BORROWINGS (CONTINUED)**

The term loan is due to the following related party:

	Airtel Africa Telesonic Limited Dubai Branch	Total
At 1 January 2023		
Drawn down during the year	73 007 500	73 007 500
Net Exchange Loss	1 549 470	1 549 470
At 31 December 2023	74 556 970	74 556 970
		Total
At 1 January 2024	74 556 970	74 556 970
Drawn down during the year	22 714 020	22 714 020
Interest on loan capitalised during the year	6 203 145	6 203 145
Interest paid on borrowings	(2 208 699)	(2 208 699)
Net Exchange Loss	9 621 755	9 621 755
At 31 December 2024	110 887 191	110 887 191

> In December 2023, the Company obtained a medium term credit facility from the related party Airtel Africa Telesonic Limited - Dubai Branch for USD\$3.800 million. The loan carries a fixed interest rate at 3 months Secured Overnight Financing Rate (SOFR) + 4.5% per annum and interest is capitalised into the principal amount every 1st January, 1st April, 1st July and 1st October. As at 31 December 2023, USD\$2.900 million had been drawn down and a further USD\$0.900 million was drawn down in May 2024. USD\$0.084 million was repaid in July 2024, the outstanding balance is due for full repayment by 19 December 2025 and is unsecured.

**22. CONTRACT LIABILITIES** 2024 2023

Amounts received in advance from prepaid customer for delivery of data connectivity service.

Deferred revenue	97 692 493	-
Current	9 790 304	-
Non-current	87 902 189	-
	97 692 493	-

**23. TRADE AND OTHER PAYABLES**

Trade payables	32 662 724	-
Amounts due to related parties (Note 26)	3 947 175	3 515 748
Accrued expenses	2 711 443	79 930
	39 321 342	3 595 678

Trade payables are non interest bearing and are normally settled on 60 day average terms. Accrued expenses and other payables are non interest bearing and have an average term of six months.

The carrying amount of the above payables and accrued expenses approximate their fair values because of their short term nature.

**24. OTHER CURRENT LIABILITIES**

Other current liabilities relate to Value Added Tax of K15.766 million as at 31 December 2024.

15 986 116	-
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**25. CAPITAL COMMITMENTS**

Capital expenditure contracted (gross) for at the reporting date but not recognised in the financial statements is as follows:

At 31 December	50 244 526	8 600 514
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**AIRTEL ZAMBIA TELESONIC LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 December 2024

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**26. RELATED PARTY DISCLOSURES**

Airtel Zambia Telesonic Limited is part of the Airtel Africal Telesonic Group of Companies. The Group's direct shareholder owning 99.99% is Airtel Zambia Telesonic Holdings (UK) Limited, a Group incorporated and domiciled in the United Kingdom. Ultimate controlling entity is Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Mittal's family trust effectively controlling the Group.

The shareholding of the Company as at 31 December 2024 and 2023 is as stated below:

Name of shareholder	2024		2023	
	Number of shares	% shareholding	Number of shares	% shareholding
Airtel Zambia Telesonic Holdings (UK) Limited	1 499 999	99.99%	1 499 999	99.99%
Airtel Africa Telesonic Holdings Limited	1	0.01%	1	0.01%
	<b>1 500 000</b>	<b>100.00%</b>	<b>1 500 000</b>	<b>100%</b>

The following transactions were carried out with related parties:

i) Receivable from related parties			2024	2023
Name of related party	Country of incorporation	Relationship to Company		
Airtel Networks Zambia Plc	Zambia	Fellow subsidiary	116 460 610	-
Airtel Zambia Telesonic Holdings (UK) Limited	United Kingdom	Intermediate parent	14 999	14 999
Airtel Africa Telesonic Holdings Limited	United Kingdom	Fellow subsidiary	1	1
<b>Total</b>			<b>116 475 610</b>	<b>15 000</b>
ii) Payable to related parties				
Name of related party	Country of incorporation	Relationship to Company		
Airtel Networks Zambia Plc	Zambia	Fellow subsidiary	3 947 175	3 439 664
Airtel Mobile Commerce Zambia Limited	Zambia	Fellow subsidiary	-	76 084
<b>Total</b>			<b>3 947 175</b>	<b>3 515 748</b>

No provisions for impairment losses have been required in 2024 and 2023 for any related party receivables.

Amounts due from/to related parties carry no interest, are receivable/payable on demand.

During the year, Airtel Telesonic Zambia Limited made an additional loan drawdown of K22.714 million from Airtel Telesonic Dubai in May 2024 and made a repayment of K2.209 million towards the outstanding loan balance in July 2024.

**27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (FINANCIAL INSTRUMENTS)**

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.

**Classes and categories of financial instruments and their fair values**

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

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## 27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (FINANCIAL INSTRUMENTS) (CONTINUED)

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Carrying value</u>	<u>Fair value</u>
<b><u>31 December 2024</u></b>		
Cash and cash equivalents	9 755 110	9 755 110
Amounts due from related parties	116 475 610	116 475 610
Trade and other payables	(39 321 342)	(39 321 342)
Borrowings	(110 887 191)	(110 887 191)
<b><u>31 December 2023</u></b>		
Cash and cash equivalents	1 460 150	1 460 150
Amounts due from related parties	15 000	15 000
Trade and other payables	(3 595 678)	(3 595 678)
Borrowings	(74 556 970)	(74 556 970)

The following methods/assumptions were used to estimate the fair values:

- The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.
- The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.
- The fair values of derivatives are estimated by using readily observable market parameters. The valuation reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as foreign exchange rates. The valuation does not contain a high level of subjectivity as the valuation techniques used don't require significant judgement and inputs thereto are readily observable.

During the year ended 31 December 2024 and year ended 31 December 2023 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements. The fair value of financial assets and liabilities above are classified under Level 3 fair value measurement.

## 28. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the Executive management committee that are used to make strategic decisions. The committee considers the business as a single operating segment, being Zambia operations, as the information reported to the executive management committee for the purpose of strategic decision making is not presented per product line.

The reportable operating segment derives its revenue primarily from the sale of data connectivity links to customers .

The executive management committee assesses the performance of the operating segment based on a measure of Earnings before Interest Tax, Depreciation and Amortisation.

The breakdown of the revenue from all services is shown in note 8.

## 29. EVENTS AFTER REPORTING DATE

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 otherwise dealt with in the financial statements, which significantly affects the financial position of the Company and the results of its operations.