

TANZANIA TOWERS LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
31 DECEMBER 2019

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TANZANIA TOWERS LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

TABLE OF CONTENTS	PAGE
Corporate information	1
Report of the Directors	2 - 4
Statement of Directors' responsibilities	5
Declaration of Head of Finance	6
Independent auditors' report	7 - 8
<b>Financial statements:</b>	
Statement of profit or loss and other comprehensive Income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 19

TANZANIA TOWERS LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE INFORMATION

REGISTERED OFFICE AND  
PRINCIPAL PLACE  
OF BUSINESS

Airtel House  
Block 41, Kinondoni  
Corner of A.H Mwinyi Road & Kawawa Road  
P.O. Box 9623  
Dar es Salaam  
Tanzania

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COMPANY SECRETARY

David Marco Lema  
Airtel House  
Block 41, Kinondoni  
Corner of A.H. Mwinyi Road & Kawawa Road  
P.O. Box 9623  
Dar es Salaam  
Tanzania

AUDITORS

Deloitte & Touche  
Certified Public Accountants (Tanzania)  
3<sup>rd</sup> Floor, Aris House  
Plot No. 152, Haile Selassie Road, Oysterbay  
P.O. Box 1559  
Dar es Salaam  
Tanzania

BANKER

Standard Chartered Bank Tanzania Limited  
International House Building  
Shaaban Robert St./Garden Avenue  
P.O. Box 9011  
Dar es Salaam  
Tanzania

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## TANZANIA TOWERS LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. INTRODUCTION

The Directors submit their report together with the audited financial statements of Tanzania Towers Limited (the "Company") for the year ended 31 December 2019, which disclose the state of affairs of the Company.

#### 2. INCORPORATION

The Company is incorporated in Tanzania under the Companies Act, 2002 as a private Company limited by shares.

#### 3. PRINCIPAL ACTIVITIES

The principal activity of the Company is to establish, operate and maintain wireless communication towers and other related services.

#### 4. RESULTS AND DIVIDEND

The results are set out on page 9 of the financial statements. The Directors do not recommend payment of dividend in respect to the year ended 31 December 2019 (2018: Nil).

#### 5. FUTURE DEVELOPMENTS

The Company is in the process of de-registration with the Registrar of Companies (BRELA).

#### 6. DIRECTORS

The Directors of the Company at the date of this report, all of whom have served throughout the year, except as otherwise indicated, were:

Name	Occupation	Nationality	Appointment/ (resignation) date
Mr. Sunil Colaso	Managing Director - Airtel Tanzania Plc	Indian	(1 November 2019)
George Mathen	Managing Director – Airtel Tanzania Plc	Indian	1 November 2019
Mr. Nishant Mohan	Finance Director -Airtel Tanzania Plc	Indian	1 September 2015

None of the Directors had any interest in the issued and fully paid up shares of the Company.

#### 7. CORPORATE GOVERNANCE

The Board of Directors (the "Board") takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board delegates the day to day management of the business to Managing Director assisted by senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units. The Board met once during the year. Major issues discussed during the meetings are:

- Performance review;
- Approval of annual plans;
- Business challenges.

TANZANIA TOWERS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

**8. SHAREHOLDING OF THE COMPANY**

The shareholding of the Company as at 31 December 2019 is as stated below:

<b>Shareholder</b>	<b>% of shareholding</b>	<b>No. of shares</b>	<b>Value (TZS)</b>
Airtel Tanzania Plc	99.9	999	999,000
Jantina Catharina Uneken-Van de Vreed	0.1	1	1,000
	<u>100.0</u>	<u>1000</u>	<u>1,000,000</u>

**9. RISK MANAGEMENT AND INTERNAL CONTROL**

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- i. The effectiveness and efficiency of operations;
- ii. The safeguarding of the Company's assets;
- iii. Compliance with applicable laws and regulations;
- iv. The reliability of accounting records;
- v. Business sustainability under normal as well as adverse conditions; and
- vi. Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

**10. SOLVENCY**

The Company's state of affairs as at 31 December 2019 is set out on page 10 of the financial statements. The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared accordingly. The Company is in the process of de-registration with the Registrar of Companies (BRELA)

**11. GOING CONCERN**

During the year the shareholders of the Company resolved to de-register the Company, consequently the Directors initiated de-registration process with the Registrar of Companies (BRELA). The financial statements have been prepared on a basis other than that of a going concern. This includes where appropriate writing down the Company's assets to recoverable amounts. The parent company will keep on providing financial support to the Company to meet its obligation until such time when the Company is deregistered.

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

Details of transactions and balances with related parties are disclosed in note 15 to the financial statements.

**13. POLITICAL AND CHARITABLE DONATIONS**

The Company did not make any political or charitable donations during the year ended 2019 (2018: Nil)

TANZANIA TOWERS LIMITED

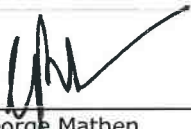
REPORT OF THE DIRECTORS (CONTINUED)

**14. AUDITORS**

Deloitte and Touche, having expressed their willingness, continue in office in accordance with Section 170(2) of the Companies Act, 2002.

Approved by the Board of Directors and signed on its behalf by:

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Mr. George Mathen  
**Director**  
7 May 2020

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Mr. Nishant Mohan  
**Director**

TANZANIA TOWERS LIMITED


STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year, that give a true and fair view of the state of financial affairs of the Company as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure the Company keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for the designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2002. The directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its operating results.

The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

The shareholders have resolved to de-register the company. Consequently, the financial statements have not been prepared on a going concern basis.

  
\_\_\_\_\_  
Mr. George Mathen  
**Director**  
7 May ..... 2020

  
\_\_\_\_\_  
Mr. Nishant Mohan  
**Director**

TANZANIA TOWERS LIMITED

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the powers conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of a Company showing a true and fair view of the Company's position and performance in accordance with applicable accounting standards and reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on page 5.

I Rose A. Massawe, being the Head of Finance of Tanzania Towers Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2019 have been prepared in compliance with applicable accounting Standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained records.



.....  
Rose A. Massawe

Head, Financial Reporting and Compliance  
NBAA Membership No.: GA 7876

*7 May* ..... 2020



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TANZANIA TOWERS LIMITED**

### **Report on the Audit of Financial Statements**

#### **Opinion**

We have audited the financial statements of Tanzania Towers Limited (the "Company"), set out on pages 9 to 19, which comprise the statements of financial position at 31 December 2019 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of Companies Act, 2002.

#### **Basis for Opinion**

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

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

#### **Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 6 to the financial statements regarding the proposed voluntary wind-up of the Company and planned deregistration and the basis of preparation of the financial statements. The basis of preparation is consistent with International Financial Reporting Standards and further describes that the going concern assumption is not appropriate to the Company.

#### **Other Information**

The Directors are responsible for the other information, including the Report of the Directors. 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 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 of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002; National Board of Accountants and Auditors Technical Pronouncements and for such internal controls as Directors determine are 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 of the Company, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditors' 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 taken aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, based on our audit, that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books of account; and
- (iii) the Company's statement of financial position (balance sheet) and the statement of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is E.A. Harunani.

### Deloitte & Touche

Certified Public Accountants (Tanzania)



Signed by: E.A. Harunani  
NBAA Registration No. ACPA 1065  
Dar es Salaam

12 May ..... 2020

TANZANIA TOWERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019


	Notes	2019 TZS '000	2018 TZS '000
Revenue		-	-
Other Income	7	55,535	938
Operating expenses	8	(13,048)	(11,002)
<b>Operating Profit/(loss)</b>		42,487	(10,064)
Finance income/(cost)	9	(68)	(55,231)
<b>Profit/(Loss) before income tax</b>		42,419	(65,295)
Income tax expense	10	-	-
<b>Profit/(Loss) for the year</b>		42,419	(65,295)
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<u>42,419</u>	<u>(65,295)</u>


TANZANIA TOWERS LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019

	Notes	2019 TZS '000	2018 TZS '000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible asset	11	-	-
<b>Total assets</b>		<u>-</u>	<u>-</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	1,000	1,000
Accumulated losses		<u>(1,083,478)</u>	<u>(1,125,897)</u>
<b>Shareholders deficit</b>		<u>(1,082,478)</u>	<u>(1,124,897)</u>
<b>Current liabilities</b>			
Intercompany loan	13	1,035,749	1,073,687
Other Payables	14	<u>46,729</u>	<u>51,210</u>
<b>Total liabilities</b>		<u>1,082,478</u>	<u>1,124,897</u>
<b>Total equity and liabilities</b>		<u>-</u>	<u>-</u>

The financial statements on page 9 to 19 were approved and authorised for issue by the Board of Directors on 7 May 2020 signed on its behalf by

  
\_\_\_\_\_  
Mr. George Mathen  
Director

  
\_\_\_\_\_  
Mr. Nishant Mohan  
Director

TANZANIA TOWERS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	<b>Share capital TZS '000</b>	<b>Accumulated (losses) TZS '000</b>	<b>Total TZS '000</b>
At 1 January 2018	1,000	(1,060,602)	(1,059,602)
Total comprehensive loss for the year	<u>-</u>	<u>(65,295)</u>	<u>(65,295)</u>
<b>At 31 December 2018</b>	<u>1,000</u>	<u>(1,125,897)</u>	<u>(1,124,897)</u>
At 1 January 2019	1,000	(1,125,897)	(1,124,897)
Total comprehensive income for the year	<u>-</u>	<u>42,419</u>	<u>42,419</u>
<b>At 31 December 2019</b>	<u>1,000</u>	<u>(1,083,478)</u>	<u>(1,082,478)</u>

TANZANIA TOWERS LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

		<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>TZS '000</b>	<b>TZS '000</b>
<b>Cash flow from operating activities</b>			
Profit/(Loss) before tax		42,419	(65,295)
<i>Adjustments for:</i>			
Non cash interest expenses	13	-	27,040
Reversal of unutilized accrual	7	(40,922)	-
Unrealized exchange loss from intercompany loan	13	2,984	25,074
<b>Cash flow generated/(used in) from operating activities before working capital</b>		<b>4,481</b>	<b>(13,181)</b>
<b>Changes in working capital</b>			
Decrease/(increase) in other payables		(4,481)	13,181
<b>Net cash used in operating activities</b>		<b>-</b>	<b>-</b>
Cash and cash equivalent at 1 January		-	-
<b>Cash and cash equivalent at 31 December</b>		<b>-</b>	<b>-</b>

## TANZANIA TOWERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. CORPORATE INFORMATION

Tanzania Towers Limited (the "Company") is a limited liability Company incorporated and domiciled in Tanzania. The registered office of the Company is located at Airtel House, Block 41, Kinondoni, P.O. Box 9623, Corner of A.H Mwinyi Road & Kawawa Road, Dar es Salaam.

The principal activity of the Company is to establish, operate and maintain wireless communication towers and other related services.

#### 2. STANDARDS AND INTERPRETATIONS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION

##### **a) Adoption of new and revised International Financial Reporting Standards and interpretations effective in the year ended 31 December 2019**

None of the new and revised standards and interpretations, which became effective during the current year, have resulted in a change in the Company's accounting policies or in presentation. Neither have they had an effect on the reported results for the year.

##### **b) Relevant new and amended standards and interpretations issued but not yet effective in the year ended 31 December 2019**

At the date of authorisation of these financial statements, few revised standards and interpretations were in issue but not yet effective. Since the Company does not have operations these standards and interpretations will not have any effect on the financial statements of the Company, when effective.

##### **c) Early adoption of standards**

The Company did not early adopt any new or amended standards during the year ended 31 December 2019.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002.

For the Companies Act, 2002 reporting purposes, in these financial statements, the statement of financial position represents the balance sheet and the profit and loss account is equivalent to the statement of profit or loss and other comprehensive income.

##### **(a) Basis of Preparation**

The financial statements have been prepared on historical cost basis, except where stated otherwise. The financial statements are presented in Tanzania Shillings ("TZS"), rounded to the nearest thousands.

##### **(b) Foreign currency translation**

###### *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Tanzania Shillings, rounded to the nearest thousand which is the Company's functional and presentation currency.

###### *Transactions and balances*

Transactions in foreign currencies are initially recorded in Tanzanian Shillings using rates of exchange ruling at the dates of the transaction. Foreign exchange gains/losses resulting from the settlement of such transactions and from translations at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Intangible assets**

Intangible assets comprise of a license for provision of National Network Facilities. Acquired licences are measured on initial recognition at cost. Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of licence over the licence period of 25 years.

Intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible asset is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss recognised in profit or loss.

**(d) Tax**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Tax (continued)**

***Deferred tax (continued)***

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(e) Financial instruments**

**Initial recognition and measurements**

Financial assets and financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

**Subsequent measurement of financial assets**

For the purposes of measurement after initial recognition, financial assets are classified in accordance with the various categories in IFRS 9. The Company does not hold any financial assets.

**Subsequent measurement of financial liabilities**

The Company's financial liabilities include amounts due to related parties and other payables, and their subsequent measurement is as follows: -

**Other payables and amounts due to related parties**

Financial liabilities that are of short duration with no stated interest rate are measured at original invoice amount.

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised costs using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

**De-recognition of financial instruments**

***Financial assets***

A financial asset is derecognised when the rights to receive cash from the asset have expired, or the Company has transferred its right to receive cash flows from the asset and the transfer qualifies for de-recognition.

***Financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Financial instruments (continued)**

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The most significant uses of judgment, assumptions and estimates are as follows:

**Going Concern**

The Directors have exercised significant judgment in assessing the Company's going concern status. Refer to Note 6 for further details.

**Deferred tax assets**

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

**5. FINANCIAL RISK MANAGEMENT**

The Company principal financial liabilities are comprised of interest bearing loans and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The Company's activities expose it to a variety of financial risks including liquidity risk and market risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company does not have significant exposure to price risk or interest rate risk since no price sensitive/interest bearing financial instruments are held.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on its financial performance, but the Company does not hedge any risks. Risk management is carried out by the Finance Department under policies approved by the Company's Treasury Department.

The Company has in place the risk management framework which is reviewed periodically by the board.

**Foreign exchange risk**

The Company's exposure to foreign exchange risk arises from imports of network equipment that are quoted in foreign currency. The Company mitigate foreign exchange risk by making prompt payment and buying foreign currencies whenever the rates move in its favor. Furthermore, currency exposure arising from liabilities denominated in foreign currencies is managed primarily through holding of certain bank balances in the relevant foreign currencies.

**Interest rate risk**

The Company's income and operating cash flows are substantially independent of changes in interest rates. The Company has interest bearing liabilities due to related parties but these carry fixed interest rates and are measured at amortised cost.

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 3 months TZS '000</b>	<b>Between 3 and 12 months TZS '000</b>	<b>Total TZS '000</b>
<b>At 31 December 2019</b>			
Due to related party	46,729	1,035,749	1,082,478
	<u>46,729</u>	<u>1,035,749</u>	<u>1,082,478</u>
<b>At 31 December 2018</b>			
Other payables	51,210	-	51,210
Due to related party	-	1,073,687	1,073,687
	<u>51,210</u>	<u>1,073,687</u>	<u>1,124,897</u>

**6. GOING CONCERN**

During the year the shareholders of the Company resolved to de-register the Company, consequently the Directors initiated de-registration process with the Registrar of Companies (BRELA). The Company is therefore no longer a going concern and in line with the requirements of *IAS 1 Presentation of the financial statements*, the annual financial statements have not been prepared as a going concern.

The Company has, amongst other things, assessed the value of the assets for impairment and analysed the need to recognise a liability for contractual commitments that may have become onerous as a consequence of the decision to de-register the Company.

Long-term liabilities that met the criteria of IAS 1 with the result that the entity no longer has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period were presented as current liabilities.

The parent company will keep on providing financial support to the Company to meet its obligation until such time when the Company is deregistered.

	<b>2019 TZS '000</b>	<b>2018 TZS '000</b>
<b>7. OTHER INCOME</b>		
Reversal of unutilised accruals	55,535	938
	<u>55,535</u>	<u>938</u>

Other income comprises of TZS 40,921 million reversed on account of suspension of interest on Shareholders loan with effect from July 2017 and TZS 14,613 million due to write off of other payable.

The Company has no revenue since it does not have any operations.

## TANZANIA TOWERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<b>2019</b> <b>TZS '000</b>	<b>2018</b> <b>TZS '000</b>
<b>8. OPERATING EXPENSES</b>		
Auditors' remuneration	12,070	11,002
Other consultancy fees	<u>978</u>	<u>-</u>
	<u><u>13,048</u></u>	<u><u>11,002</u></u>

**9. FINANCE COST**

Foreign exchange loss	68	28,191
Interest income/(expenses)	<u>-</u>	<u>27,040</u>
	<u><u>68</u></u>	<u><u>55,231</u></u>

**10. TAXATION**

The Company has no current tax liability due to accumulated tax losses amounting to TZS 625 million as at 31 December 2019. The corresponding deferred income tax asset estimated at TZS 284 million has not been recognised because, as at the reporting date, there was no evidence that future taxable profits will be available against which the deferred income tax asset can be utilised.

	<b>2019</b> <b>TZS '000</b>	<b>2018</b> <b>TZS '000</b>
<b>11. INTANGIBLE ASSET - LICENCE</b>		
<b>Cost</b>		
At 1 January and 31 December	<u>634,000</u>	<u>634,000</u>
<b>Amortisation and impairment</b>		
At 1 January and 31 December	<u>634,000</u>	<u>634,000</u>
<b>Net Book Value</b>	<u><u>-</u></u>	<u><u>-</u></u>

Before 5 September 2017, the Company held National Network facilities licence issued by Tanzania Communication Regulatory Authority ('TCRA') back in 2013. Due to failure to roll out its operations as per the licence conditions, the Company resolved to surrender the licence on 5 September 2017.

	<b>2019</b> <b>TZS '000</b>	<b>2018</b> <b>TZS '000</b>
<b>12. SHARE CAPITAL</b>		
<i>Authorised:</i>		
1,000 ordinary shares of TZS 1,000 each	<u>1,000</u>	<u>1,000</u>
<i>Issued and fully paid up:</i>		
1,000 ordinary shares of TZS 1,000 each	<u>1,000</u>	<u>1,000</u>

TANZANIA TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**13. INTERCOMPANY LOAN**

The Company took an intercompany loan of USD 405,000 from Africa Towers N.V to acquire a license from Tanzania Communication Regulatory Authority. The loan attracted interest of 2.6% per annum. Through letter dated 21 November 2019, interest on shareholder's loan was suspended with effect from 1 July 2017.

Below is the Loan balance and interest accrued there on.

	<b>2019</b>	<b>2018</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Balance as at 1 January	1,073,687	1,021,573
Interest expense	-	27,040
Other income	(40,922)	-
Exchange (gain)/losses	<u>2,984</u>	<u>25,074</u>
<b>Balance as at 31 December</b>	<b><u>1,035,749</u></b>	<b><u>1,073,687</u></b>

**14. OTHER PAYABLES**

Withholding tax payable	-	13,795
Intercompany payable	46,729	-
Accruals - audit fee	<u>-</u>	<u>37,415</u>
	<u>46,729</u>	<u>51,210</u>

The audit fee accrual has been presented as part of Intercompany payable since the parent company has taken over the obligation of payment of such amount.

**15. RELATED PARTY DISCLOSURES**

Related party relationships exist between the Company, its shareholders, other companies under common ownership and the Directors of the Company.

The following are balances with related party

	<b>2019</b>	<b>2018</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Africa Towers N.V.	1,035,749	1,073,687
Airtel Tanzania PLC	<u>46,729</u>	<u>-</u>
	<u>1,082,478</u>	<u>1,073,687</u>

**16. COMMITMENTS**

The Company had no commitments as at 31 December 2019 (2018: Nil).

**17. STEP UP HOLDING COMPANY**

The Company is owned and controlled by Airtel Tanzania Plc. Step up parent company is Bharti Airtel International (Netherlands) B.V. a company incorporated and domiciled in Netherlands .

**18. COMPARATIVE FIGURES**

Where necessary comparative figures have been adjusted to confirm to changes in presentation in the current year.

**19. SUBSEQUENT EVENTS**

There were no material events after the reporting date that required disclosures in or adjustment to the financial statements.