airtel

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

INDEX

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AIRTEL MOBILE COMMERCE (SEYCHELLES) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2018

The directors present herewith their report and audited financial statement of the company for the year ended 31st December 2018.

Activities

The company carries on the business of electronic money services under The National Payment System Act 2014.

Airtel Mobile Commerce (Seychelles) limited is the pioneer and only company offering electronic mobile money service and is regulated by the Central Bank of Seychelles.

During financial year 2018, active subscribers' base grew by 3% to 2,160 (2017: 2106). Furthermore, number of merchants remained same as last year (2017: 45) and agents increased by 25% from 76 to 95 as a result of enlisting new agents to enhance customer experience. Among new agents, three automatic vending kiosks were included.

Of the total e-value in circulation (Note 11), agents hold 49% (2017: 34%) and 50% (2017: 66%) is held by active subscribers and merchants.

In latter parts of 2018, three new automatic vending kiosks were launched to improve customer experience by offering self-service for bill payments, airtime and data purchase and airtel money cash-in using the airtel money platform. Further deployment of these vending machines is expected in 2019 to improve the coverage and availability of airtel money services to customers.

Results

Airtel Mobile Commerce (Seychelles) Limited reported an operating loss of SCR 0.64 million (2017: SCR 0.45 million) which shows stable operating costs.

As described in Statement of Profit or Loss and Other Comprehensive Income – by nature of expenses on page 5, activities for the year (Note 3) resulted into steady revenue of SCR 0.02 million (2017: 0.02 million) generated from service charges earned through subscriber transactions and commission earned from merchant transactions.

Going concern

During the year ended 31 December 2018, the Company incurred a net loss of SR 0.64 million (2017: SR 0.45million). As at that date, accumulated losses were SR 7.67 million (2017: SR 7.02 million) and the Company was in a net current liability position of SR 0.05 million (2017: net current asset SR 1.19 million). The operations of the Company continue to depend heavily on sources of financing from its direct and indirect parent companies.

The Directors are of the opinion that the Company is 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 management achieving operational targets on subscriber numbers, churn rate and average revenue per user;

b) Will obtain funding from the third parties; and

c) The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due.

The Directors are confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.

Employees

As at 31st December 2018 the company has two staff actively engaged in driving the product to market and delivering the first and best electronic mobile money service in the country.

Statutory disclosures under section 153 of the Companies Ordinance 1972

Principal Activities

Principal activity of the company is to provide electronic money services in the Republic of Seychelles.

Directors and their interest in the company

The directors of the company during the year and their interest in accordance with register maintained under section 111 of the Companies Act 1972 were as follows:-

		Shares held	
	Citizenship	1 January	31 December
Amadou Mahamat Dina	Tchadian	-	-
Alok Bafna	Indian	-	-
Ramakrishna Lella (appointed 07 February 2019)	Indian	-	-
Tina Uneken (resigned 07 February 2019)	Dutch	-	-

Mr. Amadou Mahamat Dina retires from the board in accordance with Articles of Association and being eligible offers himself for a re-election.

The directors are of the opinion that all transactions with related parties, further described in note 13 of the financial statements were conducted at arms length.

Statement of directors' responsibilities

The directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-

- Prepare financial statements on the going concern basis unless inappropriate to assume continuance of business;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Disclose and explain any material departures from applicable accounting standards.

The Companies Act 1972 also requires the directors to keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

The directors consider they met their responsibilities as set out in the Companies Act 1972.

The financial statements are signed by current directors of the company.

Auditors

M/S Pool and Patel, Chartered Accountants, retire and being eligible offers themselves for appointment.

Acknowledgements

The Directors wish to place on record their sincere appreciation of the valuable contribution, unstinted efforts and sprit of dedication shown by all the employees of the company. The Directors would also like to place on record assistance provided by our bankers, the regulators and the Government of Seychelles.

Amadou Mahamat Dina | Alok Bafna | Ramakrishna Lella

31 May 2019

Pool & Patel
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INDEPENDENT AUDITOR'S REPORT

AIRTEL MOBILE COMMERCE (SEYCHELLES) LIMITED

We have audited the accompanying financial statements of Airtel Mobile Commerce (Seychelles) Limited on pages 5 to 17, which comprise the state of financial position as at December 31, 2018, the income statement including changes in equity, cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act, 1972.

This report is made solely for the Company's members as a body in accordance with Section 158 of the Companies Act 1972. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Members as a body for our audit work, for this report or for the opinion we have formed.

Management's Responsibility for the Financial Statements
Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company's affairs in accordance with the financial reporting provisions of the Seychelles Companies Act, 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We have no relationship with, or material interest in the company other than in our capacity as auditors and tax and business advisors and arm's length dealings with the company in the ordinary course of business.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Emphasis of matter
Without qualifying our opinion, we draw to your attention that at 31 December 2018 the company incurred a net loss of R 0.63m and its liabilities exceeded its assets by R 6.66m.

The financial statement have been prepared on a going concern basis which assumes that the company will continue to receive long term assistance from its parent company until such time as it becomes financially viable or there is an injection of shareholders funds.

Opinion
Subject to the above, in our opinion, the accompanying financial statements set out on pages 5 to 17 give a true and fair view of the financial position of Airtel Mobile Commerce (Seychelles) Limited as at December 31, 2018, and of its financial performance and its cash flows for the period then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

Pool. Patel
POOL & PATEL
CHARTERED ACCOUNTANTS
31 May 2019

AIRTEL MOBILE COMMERCE (SEYCHELLES) LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Financal statements are prepared in Seychelles Rupees

	Note	Year ended 31 December 2018	2017
Revenue	3	19,366	22,091
Direct costs	4	(9)	(1,581)
Administrative and IT expenses	5	(335,394)	(61,306)
License fees amortization	6	(50,004)	(49,996)
Employee salaries and benefits	7	(270,000)	(340,000)
Sales and marketing		-	(16,000)
Loss before taxation		**(636,041)**	**(446,792)**
Income tax expense		-	-
Loss after taxation		**(636,041)**	**(446,792)**
Other comprehensive income for the year net of tax		**(636,041)**	**(446,792)**

The notes on pages 9 to 17 are an integral part of these financial statements.

AIRTEL MOBILE COMMERCE (SEYCHELLES) LIMITED

Statement of financial position

Financial statements are prepared in Seychelles Rupees

	Note	As at 31 December 2018	2017
Non-Current assets		-	-
Trade and other receivables	9	20,306	24,159
Cash and cash equivalents	10	812,299	1,931,905
Current assets		**832,605**	**1,956,064**
Total assets		**832,605**	**1,956,064**
Liabilities			
Amounts due to related parties	13	6,618,576	7,216,737
Non-current liabilities		**6,618,576**	**7,216,737**
Trade and other payables	11	879,328	768,586
Current liabilities		**879,328**	**768,586**
Total liabilities		**7,497,905**	**7,985,323**
Share capital	12	1,000,000	1,000,000
Retained earnings		(7,665,299)	(7,029,259)
Total liabilities and equity		832,605	1,956,064

The notes on pages 5 to 13 are an integral part of these financial statements.

Directors

Amadou Mahamat Dina

Alok Bafna

Ramakrishna Lella

31 May 2019

AIRTEL MOBILE COMMERCE (SEYCHELLES) LIMITED

Statement of Changes in equity

Financial statements are prepared in Seychelles Rupees.

	Share capital (Note 12)	Retained Total	Total
At 1 January 2017	**1,000,000**	**(6,582,466)**	**(5,582,466)**
Operating loss for the year	-	(446,792)	(446,792)
Other comprehensive income	-	-	-
Dividend paid	-	-	-
At 31 December 2017	**1,000,000**	**(7,029,258)**	**(6,029,258)**
Operating profit for the year	-	(636,041)	(636,041)
Other comprehensive income	-	-	-
Dividend paid	-	-	-
At 31 December 2018	**1,000,000**	**(7,665,299)**	**(6,665,299)**

The notes on pages 9 to 17 are an integral part of these financial statements.

AIRTEL MOBILE COMMERCE (SEYCHELLES) LIMITED

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

	Note	As at 31 December 2018	2017
Cash flows from operating activities			
Loss for the year		(636,041)	(446,792)
Asset written off		-	20,817
Depreciation/amortisation		-	-
		(636,041)	**(425,975)**
Changes in working capital			
(Decrease)/ Increase in receivables	9	3,853	4,649
(Decrease)/ Increase in payables	11	(487,418)	258,429
Cash generated from operations		**(1,119,606)**	**(162,897)**
Increase/(Decrease) in cash & cash equivalents		**(1,119,606)**	**(162,897)**
Cash & cash equivalent at 1 January		**1,931,905**	**2,094,803**
Cash & cash equivalent at 31st December	10	**812,299**	**1,931,905**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
Financial statements are prepared in Seychelles Rupees

1 Corporate Information

Airtel Mobile Commerce (Seychelles) Limited is a limited liability company incorporated and domiciled in the Seychelles. The address of the company's registered office is Maison La Rosiere, Mahe, Seychelles.

The company provides electronic money services in Seychelles.

2 Summary of significant accounting policies

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

2.1 Basis of presentation

The statements of Airtel Mobile Commerce (Seychelles) Limited are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial Reporting Standard (IFRS). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in the notes.

2.2 Functional and reporting currency

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.3 Application of new and revised International Financial Reporting Standards (IFRSs)

2.3.1 New and amended Standards that are effective for the current year

New and revised IFRSs in issue effective annual periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments

IFRS 15 Revenue from contracts with customers and the related clarifications

Amendments to IFRS 2 classification and measurement of share based payment transactions

Amendments to IFRS 10 and IAS 28 sale or contribution of Assets between an Investor and its associate or Joint Venture

Amendments to IAS 40 transfers of investment property

Annual improvements to IFRS 2014 -2016 cycle

Above amendments does not have material impact on the company except as mentioned below :

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,

2) Impairment of financial assets, and

3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.
The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

2 Summary of significant accounting policies (cont...)

2.3 Application of new and revised International Financial Reporting Standards (IFRSs) (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

Impact of initial application of IFRS 9 Financial Instruments (cont...)

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have not been restated as the impact has been deemed to be insignificant.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.
Specifically:

• debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

• debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

• all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

• the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.
In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL. When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.
Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.
The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had an insignificant impact on the Company's financial assets as regards their classification and measurement:

• financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

2 Summary of significant accounting policies (cont...)

2.3 Application of new and revised International Financial Reporting Standards (IFRSs) (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

(b) Impairment of financial assets (cont...)

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

For the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 January 2018), the directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 January 2017.

The result of the assessment is as follows:

Items existing as at 01/01/18 that are subject to the impairment provisions of IFRS 9	Note	Credit risk attributes 1 January 2017 and 1 January 2018
Amount due from related parties	13	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
Cash and bank	10	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss. The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Company has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Company's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Company has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

2 Summary of significant accounting policies (Cont...)

2.3 Application of new and revised International Financial Reporting Standards (IFRSs) (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

(d) General hedge accounting (cont...)

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorized as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income. This is consistent with the Company's practice prior to the adoption of IFRS 9.

Consistent with prior periods, when a forward contract is used in a cash flow hedge or fair value hedge relationship, the Company has designated the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument.

When the option contracts are used to hedge the forecast transactions, the Company designates only the intrinsic value of the options as the hedging instrument. Under IAS 39 the changes in the fair value of time value of option (i.e. non-designated component) were recognised immediately in profit or loss. Under IFRS 9, the changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised in other comprehensive income and accumulated in the cost of hedging reserve within equity. The amounts accumulated in equity are either reclassified to profit or loss when the hedged item affects profit or loss or removed directly from equity and included in the carrying amount of non-financial item. IFRS 9 requires that the accounting for non-designated time value of option should be applied retrospectively. This only applies to hedging relationships that existed at 1 January 2017 or were designated thereafter.

(e) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

Impact of application of IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 13 Revue-Barter Transactions involving advertising services

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 (or IFRS 9 if it is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Far more prescriptive guidance has been introduced by the new Revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction process allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sale of goods' and 'provision of services'' rather' the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods 'or 'provision of services'.

2 Summary of significant accounting policies (cont...)

2.3 Application of new and revised International Financial Reporting Standards (IFRSs) (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

Impact of application of IFRS 15 Revenue from Contracts with Customers (cont...)

• When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

• When costs incurred to obtain a contact and costs to fulfil a contract can be recognised as an asset.

In April 2016, the IASB issued clarifications to IFRS 15 in response to feedback received by the IASB/FASB Joint Transition Resource Group for Revenue Recognition, which was formed to address potential issues associated with the implementation of IFRS 15 and the US GAAP equivalent, ASC topic 606. The Clarification to IFRS 15 clarified the following areas:

• Identify performance obligations; by providing illustrative factors for consideration in assessing whether the promised goods or services are distinct.

• Principal versus agent considerations; by clarifying that an entity should assess whether it is a principal or agent for each distinct good or service promised to the customer, and by amending and reframing the indicators to assess whether an entity is a principal or agent; and

• Licensing application guidance: in determining whether the license grants customers a right to use the underlying intellectual property ("IP") (which would result in point in time revenue recognition) or a right to access the IP (which would result in revenue recognition over time), an entity is required to determine whether (i) its ongoing activities are expected to significantly change the form or the functionality of the IP or (ii) the ability to the customer to obtain benefit from the IP is substantially derived from or dependent upon those activities.

IFRS 15, together with the clarifications, is effective for reporting periods beginning on or after 1 January 2018 with early application permitted. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the standard retrospectively only to contracts that are not completed contracts at the date of initial application (for example, 1 January 2018 for an entity with a 31 December year-end). The clarifications to IFRS also introduces additional practical expedients for entities transition to IFRS 15 on (i) contracts modifications that occurred prior to the beginning of the earliest period presented and (ii) contracts that were completed at the beginning of the earliest period presented.

The Directors do not anticipate any changes to the recognition of revenue of the company's services customers. The company recognises revenue when control of the services underlying a particular performance obligation is transferred to the customer.

2.3.2 New and Revised IFRSs 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 Standards that have been issued but are not yet effective:

IFRS 16 IFRS 16 – Leases

Amendments to IFRS 9 - Prepayment Features with Negative Compensation

Amendments to IAS 19 Employee - Plan Amendment, Curtailment or Settlement

IFRIC 23 - Uncertainty over Income Tax Treatments

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

IFRS 16 – Leases:

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede the following lease standard and interpretations when it becomes effective for annual periods beginning on or after 1 January 2019:

• IAS 17 leases;
• IFRIC 4 determining whether an arrangement contains a lease;
• SIC-15 operating leases – incentives; and
• SIC -27 evaluating the substance of transactions involving the legal form of a lease.

2 Summary of significant accounting policies (cont...)

2.3 Application of new and revised International Financial Reporting Standards (IFRSs) (cont...)

2.3.2 New and Revised IFRSs in issue but not yet effective: (cont...)

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right of use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 models the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Lessee Accounting

IFRS 16 introduces significant changes to leases accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right – of – use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases if low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and had a lease tern at commencement date of 12 months or less) and leases if low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

Lessor Accounting

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosure is also required by the new Standard.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. A lessee can apply IFRS 16 either by a full retrospective approach of a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented to opening retained earnings (or other component of equity as appropriate).

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

2 Summary of significant accounting policies (cont...)

2.3 Application of new and revised International Financial Reporting Standards (IFRSs) (cont...)

2.3.2 New and Revised IFRSs in issue but not yet effective: (cont...)

Amendments to IFRS 9 Prepayment Features with Negative Compensation (cont...)

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied. The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The Annual Improvements include amendments to four Standards.

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

• determine whether uncertain tax positions are assessed separately or as a Company; and
• assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

2.4 Impairment of financial assets

The carrying amounts of the financial assets is reviewed by the directors periodically to determine whether it is in excess of its market or recoverable amount in the statement of financial position. If there is any evidence of other then a temporary impairment in the carrying amount of an asset, it is written down to its fair value or recoverable amount and the loss recognised in the statement of income.

2.5 Foreign currency translation

Foreign currency transactions (if any) are translated in the Seychelles Rupee at the rate of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

The Banks closing rate for the period were:

Exchange rates at 31 December			Changes in percent	
2018	2017	2016	2018-2017	2017-2016
13.65	14.05	13.46	3%	-4%

There were no foreign currency transactions for the year.

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indicated by the management. The cost of property, plant and equipment constructed by the company includes the cost of materials and direct labour .

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when cost is incurred if the replacement part is expected to provide future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the statement of income during the period in which they are incurred.

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Office equipment	3-10 years
Operating equipment	10 years

2 Summary of significant accounting policies (cont...)

2.5 Foreign currency translation (cont...)

The assets residual values and depreciation methods are reviewed, and adjusted prospectively, if there is an indication or a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income or expenses" in the statement of income .

2.7 Intangibles

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

Amortisation is recognised in income statement on a straightline basis over the estimated useful lives of intangible assets from the date they are available for use or placed in service. The amortisation period and the amortization method for an intangible asset is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license.

2.8 Cash and cash equivalents

Cash and cash equivalents represents actual cash in the bank which is the equivalent of e-value created in circulation and cash held in bank for operations

2.9 Trade receivables

Trade receivables are initially recognised at the transaction price. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of the receivables.

2.10 Revenue recognition

In relation to the rendering of services, revenue is recognised by reference to the state of completion of the transaction at the date of the statement of financial position, and is stated net of taxes in the statement of income.

2.11 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is done within one year or less. If not, they are presented as non-current liabilities.

3 Revenue

Analysis of revenue by category	2018	2017
Service charge for Cash-out transactions	10,551	12,649
Service charges for P2P Transaction	4,120	4,698
Commission earned from Merchant transactions	4,695	4,744
Total	**19,366**	**22,091**

4 Direct costs

	2018	2017
Commission paid to agents and dealers	(9)	(1,581)

5 Administrative and IT expenses

	2018	2017
Legal & Professional fees	(57,600)	(61,306)
Other administration expenses	(277,794)	-
Total	**(335,394)**	**(61,306)**

6 License fees amortization

	2018	2017
At 1 January 2017	14,658	14,654
Paid during the year	50,000	50,000
Amortized during the year	(50,004)	(49,996)
Total	**14,654**	**14,658**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

7 Employee salaries and benefits expense

	2018	2017
Salaries & wages cross charged from Airtel Seychelles Ltd	(270,000)	(340,000)

8 Loss for the year

	2018	2017
Profit for the year has been arrived at after charging/(crediting):		
Auditors remuneration	(28,800)	(28,800)
Amortisation of license fee (Note 6)	(50,004)	(49,996)

9 Trade and other receivables

	2018	2017
Commission receivable from Trust	5,652	9,501
Less: Provision for bad debt	-	-
	5,652	9,501
Prepayments & other current assets (Note 6)	14,654	14,658
Total	**20,306**	**24,159**

10 Cash and cash equivalents

	2018	2017
Amount held in trust	785,328	676,071
Amount held for operations	26,971	1,255,834
Total	**812,299**	**1,931,905**

11 Trade and other payables

	2018	2017
Due to E-value holders	785,329	676,072
Provisions and Accruals	93,999	92,514
Total	**879,328**	**768,586**

12 Authorised & issued capital

	2018	2017
Authorised and issued and fully paid 10,000 shares of R 100 each	1,000,000	1,000,000

13 Related party transactions

These relate to transactions with the parent company and fellow subsidiaries.

	2018	2017
Due to parent company:		
Airtel Mobile Commerce BV	12,469	12,544
Airtel Mobile Commerce Holdings BV	(10,000)	(10,000)
Due to fellow subsidiary		
Airtel (Seychelles) Limited	6,616,107	7,214,193
Total	**6,618,576**	**7,216,737**

14 Directors emoluments, pensions or compensation

No emoluments, pensions or compensation was paid to directors during the year.

15 Parent and other controlling interests

The company's parent is Airtel Mobile Commerce BV and Airtel Mobile Commerce Holdings BV, incorporated in the Netherlands.

16 Capital commitments

There were no capital commitments, either contracted for or approved by the directors at 31 December 2018.

17 Contingencies

The directors are not aware of any outstanding contingent liabilities at 31 December 2018.