AIRTEL MOBILE COMMERCE RWANDA LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

COMPANY INFORMATION

DIRECTORS

The directors who served during the year and to the date of this report were:

Name	Role	Nationality	Date of appointment/resignation
Mr. Alok Bafna*	Chairman	Indian	Appointed 12 February 2018
Mr. Philip Fofie Amoateng	Director	Ghanaian	Appointed 12 February 2018 and Resigned 03 September 2018
Mr. Amit Chawla	Director	Indian	Appointed 04 September 2018

*Executive Director

PRINCIPAL PLACE OF BUSINESSAND REGISTERED OFFICE	Airtel Mobile Commerce Rwanda Limited Remera, Gasabo P.O. Box 4164 Kigali Rwanda	
AUDITORS	Deloitte Rwanda Limited 1st Floor, Umoja House, KN 3 Road P.O. Box 3903 Kigali, Rwanda	
BANKERS	Bank of Kigali PLC P.O. Box 175 Kigali Rwanda.	I&M Bank Rwanda PLC P.O. Box 354 Kigali Rwanda
	Equity Bank Rwanda PLC P.O. Box 494 Kigali Rwanda	KCB Bank Rwanda PLC P.O. Box 5620 Kigali Rwanda
	Urwego Opportunity Bank Rwanda PLC P.O Box 748 Kigali Rwanda	Ecobank Rwanda PLC P.O Box3268 Kigali Rwanda
	Access Bank Rwanda Limited PLC P.O Box 2059 Kigali Rwanda	Banque Populaire du Rwanda (BPR) PLC P.O Box 1348 Kigali Rwanda
SECRETARY	Mr. Shema Baker C/O Airtel Rwanda Limited P.O. Box 4164 Kigali Rwanda	

DIRECTOR'S REPORT

The directors submit their report on the affairs of the company together with the financial statements and the auditor's report for the year ended 31 December 2018.

1. PRINCIPAL ACTIVITIES

The principal activity of the company is to hold the funds in the Airtel Money infrastructure in trust, for Airtel Money E-Value account holders. There is no deviation in principal activities in 2018.

On 31 Jan 2018, Airtel Rwanda Limited (Fellow subsidiary of the company) acquired 100% shares of Tigo Rwanda Limited (wholly owned subsidiary of the Millicom International Cellular S.A.). Consequent to this acquisition, on 30 May 2018, a resolution was passed by the board of directors of Airtel Rwanda Limited, TIGO Rwanda Limited and Airtel Mobile Commerce Limited to merge mobile and money business of TIGO Rwanda Limited into Airtel Rwanda Limited and TIGO Trust segment into Airtel Mobile Commerce Rwanda Limited with effect from 30 June 2018. Rwanda Development Board (RDB) approved said merger on 03 July 2018 (refer Note-14 for details of accounting for this common control transaction).

2. RESULTS

The company did not engage in trading activities during the year.

3. DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 2.

4. AUDITORS

Deloitte Rwanda Limited has expressed their willingness to continue in office in accordance with Law No. 17/2018 of 13/04/2018 governing companies in Rwanda.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved at a meeting of the Directors held on ....25 march..........2019.

By Order of the Board

Company Secretary

....2019

Law No. 17/2018 of 13/04/2018 governing companies requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Law No. 17/2018 of 13/04/2018 governing companies, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Rwanda Law No. 17/2018 of 13/04/2018 governing companies.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Director

Director

Date 25 / 03 / 2019

Deloitte.

Deloitte Rwanda Limited
1st Floor Umoja Building
KN3 Road
P.O. Box 3903
Kigali
Rwanda

Tel: +250 (0) 788 157 500
+250 (0) 783 000 673
+250 (0) 735 087 388
Email: deloitterwanda@deloitte.com
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF AIRTEL MOBILE COMMERCE RWANDA LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Airtel Mobile Commerce Rwanda Limited, set out on pages 8 to 23, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies.

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 Institute of Certified Public Accountants of Rwanda Code of ethics (ICPAR 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 Rwanda, 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.

Other Information

The directors are responsible for the other information, which comprises the report of 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 directors.

- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Audit of the Financial Statements (Continued)

Report on other legal and regulatory requirements

As required by Article 132 of the Law No 17/2018 of 13/04/2018 governing companies, we report to you based on our audit that:

i. We have obtained all information and explanations which, to the best of our knowledge, was required for our audit;

ii. Based on our audit, we have not identified any reason to believe that proper accounting records have not been kept;

iii. We have no relationship, interests and debt in the company;

iv. During the audit we did not identify internal control and other weaknesses that need to be reported to the directors and management in the form of a separate management letter.

v. In our opinion, according to the best of the information and the explanations given to us as shown by the accounting and other documents of the company, the annual accounts comply with Article 123 of this Law regarding the requirement for individual annual accounts.

For Deloitte Rwanda Limited

DELOITTE RWANDA LIMITED
P.O. Box 3903
KIGALI, RWANDA

David Waweru
Director

Signed at Kigali on 03 April 2019

		2018 Rwf '000	2017 Rwf '000
Income		-	-
Operating expense	8	-	-
		-----------	-----------
Loss before taxation		-	-
Tax expense		-	-
Loss for the year		-	-
		======	======

AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Rwf '000 2018	Rwf '000 2017
CURRENT ASSETS			
Amounts due from related parties	4	10,000	10,000
Cash in trust bank accounts	5	6,623,263	1,255,280
TOTAL ASSETS		6,633,263	1,265,280
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	10,000	10,000
CURRENT LIABILITIES			
Amounts due to related parties	4	387,788	333,815
Due to E-Value holders	7	6,235,475	921,465
		6,623,263	1,255,280
TOTAL EQUITY AND LIABILITIES		6,633,263	1,265,280

The financial statements on pages 8 to 23 were approved by the Board of Directors on....25....march..........2019 and signed on its behalf by:

Director

Director

Date 25 / 03 / 2019

Ordinary Share Capital	Rwf '000
Year ended 31 December 2017	
At 01 January and 31 December 2017	10,000
	=====
Year ended 31 December 2018	
At 01 January and 31 December 2018	10,000
	=====

		2018 Rwf '000	2017 Rwf '000
Cash flows from operating activities			
Increase/ (Decrease) in cash in Trust bank accounts		(5,367,983)	163,818
Increase/ (Decrease) in amount due to E-Value holders		5,314,010	44,088
Decrease in amount due to related parties		53,973	(207,906)
Net cash used in operating activities		-	-
Net decrease in cash and cash equivalent		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year	(Note 5)	-	-

1. CORPORATE INFORMATION

Airtel Mobile Commerce Rwanda Limited is a limited liability company registered and domiciled in Rwanda and licensed under the Law no 17/2018 of 13/04/2018 governing companies in Rwanda. The Company was incorporated on 22 February 2013 and it is owned by Airtel Mobile Commerce B.V with 100% of the shares in the company. The step up parent of the Company is Airtel Africa Limited. The step up parent of Airtel Africa Limited is Bharti Airtel Limited which is registered in India and listed in Bombay Stock Exchange and National Stock Exchange of India.

On 31 Jan 2018, Airtel Rwanda Limited (Fellow subsidiary of the company) acquired 100% shares of Tigo Rwanda Limited (wholly owned subsidiary of the Millicom International Cellular S.A.). Consequent to this acquisition, on 30 May 2018, a resolution was passed by the board of directors of Airtel Rwanda Limited, TIGO Rwanda Limited and Airtel Mobile Commerce Limited to merge mobile and money business of TIGO Rwanda Limited into Airtel Rwanda Limited and TIGO Trust segment into Airtel Mobile Commerce Rwanda Limited with effect from 30 June 2018. Rwanda Development Board (RDB) approved said merger on 03 July 2018 (Refer Note-14 for accounting details of accounting for this common control transaction).

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

2.1 Amendments to IFRSs that are mandatorily effective for the current year.

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.

Apart from mentioned above, none of the new and revised standards and interpretations, which become effective during the current year is applicable to the company or will not have material impact on the financial statements.

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 recognized.

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. 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.

The company does not hold any assets of its own and therefore did not apply any estimates or impairment of assets.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (IFRSs)(Continued)

2.1 New and revised IFRSs in issue but not yet effective

At the date of authorization of these financial statements, several new and revised standards and interpretation were in issue but not effective.

Directors of the company expect these standard and interpretation will not be applicable to the company or will not have any material impact on the financial statements.

3. ACCOUNTING POLICIES

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies were consistently applied during the year, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Rwandan Franc (Rwf), which is the company's functional currency, and all values are rounded to the nearest franc (Rwf '000), except when otherwise indicated.

Statement of compliance

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

Significant accounting policies

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The company does not hold any assets of its own and therefore did not apply any estimates or impairment of assets.

i) Income recognition

Currently the company does not engage in any activities that generate any form of revenue.

ii) Payables and accruals

Payables and accruals being short term in nature are carried at cost as the effect of computing interest is considered to be insignificant.

iii) Retirement benefit costs

Currently the company operates solely under the Airtel Rwanda Limited's infrastructure and does not have staff of its own. All staff relates cost are paid by Airtel Rwanda Limited.

iv) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks.
For the purpose of the statement the cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. ACCOUNTING POLICIES (continued)

v) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:
• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets 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 in other comprehensive income if certain criteria are met (see (iii) below); 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 (see (iv) below).

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an
assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate

3. ACCOUNTING POLICIES (continued)
Financial assets (Continued)

Impairment of financial assets (continued)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate,
obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:
• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit
rating;
• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
• an actual or expected significant deterioration in the operating results of the debtor;
• significant increases in credit risk on other financial instruments of the same debtor;
• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:
(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

3. ACCOUNTING POLICIES (continued)
Financial assets (Continued)

i) Significant increase in credit risk (Continued)
For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:
• when there is a breach of financial covenants by the debtor; or
• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy
The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting
date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

3. ACCOUNTING POLICIES (continued)
Financial assets (Continued)

(v) Measurement and recognition of expected credit losses (continued)
For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred
financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.
In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity
Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

3. ACCOUNTING POLICIES (continued)
Financial liabilities (Continued)

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.
When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate
is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

vi) Taxation

No taxes were accrued for in the year as the company did not engage in trading activities during the year.

vii) Statement of cash flows

Cash flows are reported using the indirect method as per IAS-7"Statemetn of cash flows", whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferral or accrual of past or future cash operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

viii) Fair Value Measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements. The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The three levels of the fair-value-hierarchy are described below:

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

3. ACCOUNTING POLICIES (continued)

ix) Share capital

Issued ordinary shares are classified as Equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect.

x) Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

xi) Common Control Transaction

Business Combinations arising from transfers of interest in entities that are under the common control are accounted at historical cost. The difference between any consideration paid /received and the aggregate historical carrying amounts of assets and liabilities of the interest acquired / disposed is recorded in retained earnings.

xii) Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

Critical judgments in applying the entity's accounting policies

In the process of applying the company's accounting policies, management has made judgments in determining the classification of financial assets and liabilities.

The company does not hold any assets of its own and therefore did not apply any estimates or impairment of assets.

	2018 Rwf '000	2017 Rwf '000
4. RELATED PARTY TRANSACTIONS AND BALANCES		
Amounts due from Airtel Rwanda limited	10,000	10,000
	=======	=======

Amount towards the paid up share capital of the company from Airtel Mobile Commerce B.V(immediate parent of the company) was received in the bank account of Airtel Rwanda Limited (fellow subsidiary the Company) and hence it is disclosed as receivable from Airtel Rwanda Limited. Refer note 6 for share capital note. On 25th February 2019 amounts were transferred to Airtel Mobile Commerce Rwanda Limited.

	2018	2017
a) Amounts due to Airtel Rwanda Limited	387,788	333,815
	=======	=======

Amounts due to Airtel Rwanda Limited is payable towards consideration received from customers from airtime recharge and revenue earned on cash-out transactions collected on behalf of Airtel Rwanda Limited.

b) Key management compensation

Key management are not compensated for their positions on the board of Airtel Mobile Commerce Rwanda Limited and currently the company operates solely under Airtel Rwanda Limited and does not have staff of its own.

5. CASH IN TRUST BANK ACCOUTNS & CASH AND CASH EQUIVALENTS

a) Cash in Trust bank accounts

Funds for customers and distributors held on the Mobile financial services trust accounts. The company is not allowed to use these funds for its operating activities.

Cash in Trust bank accounts included in the statement of cash flows comprise the following statement of financial position amounts:

	2018 Rwf '000	2017 Rwf '000
Cash in Trust banks	6,623,263	1,255,280
	=======	=======
b) Cash and cash equivalent		
Cash and cash equivalent	-	-
	=======	=======

6. SHARE CAPITAL

	2018	2017
Authorised:		
100 ordinary shares of Rwf 100,000 each	10,000	10,000
	=======	=======
Issued and fully paid:		
100 ordinary shares of Rwf 100,000 each	10,000	10,000
	=======	=======

Airtel Mobile Commerce B.V holds 100 ordinary shares in the company.

	2018 Rwf'000'	2017 Rwf'000'
7. DUE TO E-VALUE HOLDERS		
E-Value amounts in circulation	6,235,475	921,465
	=======	=======

8. OPERATING EXPENSES		
Audit fees	6,117	5,184
Reimbursement by Airtel Rwanda Limited	(6,117)	(5,184)
	=======	=======

Audit fees are accrued and reimbursed from Airtel Rwanda Limited. All other operating expenses if any are directly billed to Airtel Mobile commerce Rwanda Limited by the vendors and hence are directly accrued and paid by Airtel Rwanda Limited.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise cash in Trust bank accounts, receivables and payables from/to related parties. These instruments arise directly from its trust operations. The company does not speculate or trade in derivative financial instruments.

The company's activities expose it operational risk. The directors review and agree policies for managing these risks.

The directors have overall responsibility for the establishment and oversight of the company's risk management framework. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

MARKET RISK

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

(i) Foreign Exchange Risk

Foreign exchange risk arises from future investment transactions on recognized assets and liabilities. The company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. All gains or losses on changes in currency exchange rates are accounted for in profit or loss. Foreign exchange risk is not applicable to the activity of the company as the company hold only the trust fund in local currency.

(ii) Interest Rate Risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates. The interest rate exposure arises mainly from the interest rate movements on the borrowings. However, the company does not engage in borrowing activities as its obligation is to hold cash in trust.

CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various services providers, prepayments and bank balances. The Company does not involve itself in trading activities hence it is not exposed to credit risk

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations from its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The Company does not involve itself in trading activities hence it is not exposed to liquidity risk

OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's trust operations.
The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.
The primary responsibility for the development and implementation of controls to address operational risk is assigned to management of the company.

10. CAPITAL MANAGEMENT
The primary objectives of the company is to hold, in trust, the funds owing to the Airtel Mobile Commerce e- value holders and safeguard the safety and sanctity of these funds. The company does not trade and is not allowed to deal in these funds otherwise than to settle obligations arising from genuine transaction of Airtel Mobile Commerce E-Value. The principal obligation of the company is not to maximize wealth but to safeguard third party funds.

The capital structure of the company consists of cash in Trust bank accounts. In order to maintain or adjust the capital structure, the company may return loan capital to shareholders, issue new shares or sell assets to reduce debt.

11. FAIR VALUE
Amounts due from related parties and cash in trust accounts are financial assets. Similarly, amounts due to related parties, Due to E value holders are financial liabilities of the company. All financial assets and liabilities are valued at amortized cost and fair value of the same approximate the carrying amount due to short term nature.

12. CONTINGENT LIABILITES AND CAPITAL COMMITMENTS
There were no material contingent liabilities and Capital commitments as at 31 December 2018 and 2017.

13. COMPARATIVES
Where necessary, comparative figures have been adjusted or re-classed to take into account changes in the presentation.

14. COMMON CONTROL TRANSACTION
As on the date of merger (30 June 2018), assets and liabilities of the TIGO money trust are recognized in respective accounts of Airtel Mobile Commerce Rwanda Limited at historical cost as a common control transaction. As on the date of the merger, TIGO money Trust contributed a balance of RWF 5,454 million cash in Trust bank accounts, due from related parties of RWF 200 million and nil balance due to related parties (Refer Note-1 for details of legal merger).

15. EVENTS AFTER REPORTING PERIOD

I. Airtel Mobile Commerce Rwanda Limited passed a resolution on November 12, 2018 to increase the authorised share capital of the company from Rwf 10,000,000 to Rwf 200,000,000. This has been effected in Rwanda Development board on 23rd February 2019.

II. Airtel Mobile Commerce Rwanda Limited, Airtel Mobile Commerce BV, Airtel Rwanda Limited and Bharti Airtel Rwanda Holding Limited (Parent of the Airtel Rwanda Limited) also passed resolutions on 12th November 2018, 12th November 2018, 13th November 2018 and 10th January 2019 respectively to transfer Airtel Mobile Commerce Assets (at net book value), Business operations and finance support services from Airtel Rwanda Limited to Airtel Mobile Commerce Rwanda Limited.

III. Further, Airtel Mobile Commerce BV has passed board resolution to transfer all its shares to the Airtel Mobile Commerce Rwanda BV (a Company incorporated in Netherlands and wholly owned subsidiary of Airtel Mobile Commerce BV).

As on the date of the approval of financial statement and audit report, para 15(II) and 15 (III) of the above transactions were under process and not completed.