

AIRTEL MONEY TANZANIA LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
31 DECEMBER 2018

AIRTEL MONEY TANZANIA LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

TABLE OF CONTENTS	PAGE
Company information	1
Report of the Directors	2 - 3
Statement of Directors' responsibilities	4
Declaration of the Head of Finance	5
Independent auditors' report	6 - 7
Financial Statements:	
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 18

AIRTEL MONEY TANZANIA LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY INFORMATION

REGISTERED OFFICE AND  
PRINCIPAL PLACE OF  
BUSINESS

Airtel Money Tanzania Limited  
Block 41, Kinondoni, Corner of Ali Hassan Mwinyi & Kawawa Roads  
P.O. Box 9623  
Dar es Salaam  
Tanzania

COMPANY SECRETARY

David Lema  
Legal Counsel  
Airtel House  
Block 41, Kinondoni, Corner of Ali Hassan Mwinyi & Kawawa Road  
P.O. Box 9623  
Dar es Salaam  
Tanzania

AUDITORS

Deloitte & Touche  
Certified Public Accountants (Tanzania)  
3<sup>rd</sup> Floor, Aris House  
Plot 152, Haile Selassie Road  
P.O. Box 1559  
Dar es Salaam  
Tanzania

# AIRTEL MONEY TANZANIA LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

### 1. INTRODUCTION

The Directors submit their report, together with the financial statements of Airtel Money Tanzania Limited ('the Company') for the year ended 31 December 2018.

### 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry on business of mobile commerce and to deal in electronic money, electronic cash, electronic currency, digital money or digital currency and all other kinds of mobile electronic telecommunication money transfer products and services related to Airtel Money.

### 3. INCORPORATION AND REGISTRATION

The Company is incorporated in Tanzania under the Companies Act, 2002 as a private company limited by shares. The Company was officially incorporated on 10 June 2016 and has been granted payment system licence No. LB. 442/535/14 and electronic money issuer license No. LB 422/535/11 by the Bank of Tanzania on 6<sup>th</sup> July 2017 and 18<sup>th</sup> September 2018 respectively.

### 4. SHAREHOLDING

The shareholding of the Company as at 31 December 2018 is as stated below:-

Name of Share Holder	No. of Shares	% of Shareholding
Airtel Tanzania PLC	999	99.9%
Airtel Mobile Commerce Tanzania Limited	<u>1</u>	<u>0.1%</u>
	<u>1,000</u>	<u>100%</u>

### 5. RESULTS

The Company did not engage in any trading activities during the year.

### 6. SOLVENCY

The Company's state of financial affairs as at 31 December 2018 is set out on page 9 of these financial statements. The company is yet to start operations and nothing has come to the attention of Directors to indicate that the Company will not continue as a going concern.

### 7. DIRECTORS

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

Name	Nationality	Age	Profession	Appointed on
Mr. Sunil Colaso	Indian	51	Marketing	10 June 2016
Mr. Rajeev Sethi	Indian	46	P.D.G.DM in Management	13 June 2017
Mr. Nishant Mohan	Indian	39	Finance	10 June 2016

AIRTEL MONEY TANZANIA LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

**8. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY**

None of the Directors have any interest in the Company's shareholding.

**9. DIRECTORS' EMOLUMENTS**

During the period, the Company did not pay any Directors' fees.

**10. GOVERNANCE**

The Board of Directors consists of two nonexecutive directors. The Board takes overall responsibility for the Company. The Board delegates the day to day management of the business to the sister company (Airtel Tanzania PLC) Managing Director who is assisted by the Senior Management team of the company.

The Board met once during the year. Major issue discussed during the meeting relates to registration and meeting licensing requirements.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

**11. RELATED PARTY TRANSACTION**

Details of transactions with related parties are disclosed in Note 6 to the financial statements.

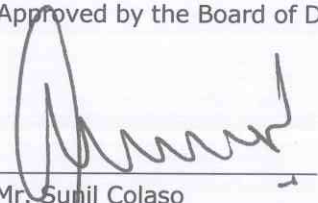
**12. FUTURE DEVELOPEMENT PLAN**

The Company has been granted a payment system license and electronic money issuer license. The company is yet to receive payment instruments licenses from Bank Of Tanzania as at 31 December 2018. On becoming operation, Airtel Money business is set to grow in terms of active customers, agents, number of transactions and transaction value; this will be achieved by creating initiatives that will drive growth in customer transactions and strengthening of the agent network.

**13. AUDITOR**

The auditors Deloitte & Touche, having expressed their willingness, continue in office in accordance with section 170(2) of the Companies Act, 2002.

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

  
Mr. Sunil Colaso  
Director

2 April 2019

  
Mr. Nishant Mohan  
Director

AIRTEL MONEY TANZANIA LIMITED

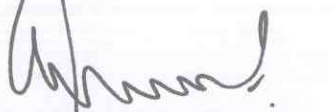
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs and its operating results for that year. The Companies Act, 2002 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 Companies Act, 2002, 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 financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2002. 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 Company is yet to start operation and nothing has come to the attention of 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.



Mr. Sunil Colaso  
**Director**

2 April 2019



Mr. Nishant Mohan  
**Director**

AIRTEL MONEY TANZANIA LIMITED

DECLARATION OF THE HEAD OF FINANCE

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

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as set out in the Statement of Directors' Responsibilities on an earlier page.

I, Sylvester Nsabi, being the Finance Manager of Airtel Money Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

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



.....  
Signed by: Sylvester Nsabi

Position: Finance Manager  
NBAA Registration No.: GA 7014.

.....  
2 April 2019

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTEL MONEY TANZANIA LIMITED

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of Airtel Money Tanzania Limited (the "Company"), set out on pages 8 to 18, which comprise the statements of financial position at 31 December 2018, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of Companies Act, 2002.

#### Basis for Opinion

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

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

#### Other Information

The directors are responsible for the other information, including the Report of the Directors. The other information does not include the financial statements and our auditor's report thereon.

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

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

#### Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002; and for such internal controls as directors determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Company 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

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

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

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

**Deloitte & Touche**  
Certified Public Accountants (Tanzania)

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

12 April 2019

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

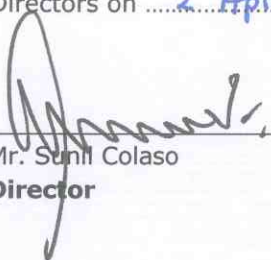
	Notes	2018 TZS' 000	2017 TZS' 000
Revenue		-	-
Administrative expenses	8	<u>(15,846)</u>	<u>(15,402)</u>
<b>Loss before tax</b>		(15,846)	(15,402)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss for the period</b>		(15,846)	(15,402)
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive loss</b>		<u>(15,846)</u>	<u>(15,402)</u>

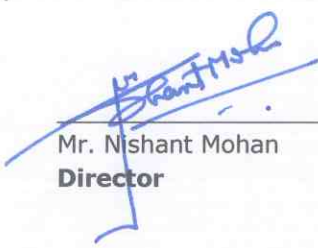
AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Notes	2018 TZS' 000	2017 TZS' 000
<b>Current assets</b>			
Due from a related party	6(a)	<u>1,000</u>	<u>1,000</u>
<b>Total assets</b>		<u>1,000</u>	<u>1,000</u>
<b>Capital and reserves</b>			
Share capital	7	1,000	1,000
Accumulated losses		<u>(40,735)</u>	<u>(24,889)</u>
<b>Total equity</b>		<u>(39,735)</u>	<u>(23,889)</u>
<b>Current liabilities</b>			
Trade and other payables	9	<u>40,735</u>	<u>24,889</u>
<b>Total liabilities</b>		<u>40,735</u>	<u>24,889</u>
<b>Total equity and liabilities</b>		<u>1,000</u>	<u>1,000</u>

The financial statements on page 8 to 18 were approved and authorised for issue by the Board of Directors on 2 April 2019 and signed on its behalf by:

  
Mr. Sunil Colaso  
Director

  
Mr. Nishant Mohan  
Director

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital TZS '000	Accumulated losses TZS '000	Total TZS '000
Balance as at 1 January 2017	1,000	(9,487)	(8,487)
Total comprehensive loss for the year	<u>-</u>	<u>(15,402)</u>	<u>(15,402)</u>
<b>At 31 December 2017</b>	<u>1,000</u>	<u>(24,889)</u>	<u>(23,889)</u>
Balance as at 1 January 2018	1,000	(24,889)	(23,889)
Total comprehensive loss for the year	<u>-</u>	<u>(15,846)</u>	<u>(15,846)</u>
<b>At 31 December 2018</b>	<u>1,000</u>	<u>(40,735)</u>	<u>(39,735)</u>

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 TZS '000'	2017 TZS '000'
<b>Cash flows from operating activities</b>		
Loss before tax	(15,846)	(15,402)
Movement in working capital:		
Increase in trade and other payables	<u>15,846</u>	<u>15,402</u>
<b>Net cash flow from operating activities</b>	<u>-</u>	<u>-</u>
<b>Movement in cash and cash equivalents</b>		
Cash and cash equivalent at 1 January 2018	-	-
Movement in cash and cash equivalents	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at 31 December 2018</b>	<u>-</u>	<u>-</u>

## AIRTEL MONEY TANZANIA LIMITED

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1. GENERAL INFORMATION

Airtel Money Tanzania Limited ('the Company') was incorporated in Tanzania under the Companies Act, 2002 as a limited liability company, and is domiciled in Tanzania.

The principal activities of the Company are disclosed in the Directors' Report.

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

##### **Adoption of new and revised International Financial Reporting Standards (IFRSs)**

##### ***a) Adoption of new and revised International Financial reporting standards and interpretations***

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

##### ***b) Relevant new and amended standards and interpretations issued but not yet effective in the year ended 31 December 2018.***

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective. The Directors are in the process of evaluating the potential effect of these standards and interpretation on the financial statements of the Company when effective.

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

The Company did not early adopt any new or amended standards for the year ended 31 December 2018.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### **a) Statement of compliance**

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

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

##### **b) Basis of preparation**

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all balances are rounded to the nearest thousand (TZS '000'), except when otherwise indicated.

##### **c) Functional and presentation currency**

Transactions in foreign currencies during the year are converted into Tanzania Shillings at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denomination in foreign currencies at the reporting date are transacted into Tanzania shillings at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Tanzania Shillings at the date when the fair value was determined. Foreign currency gains and losses arising from translation are recognised in the statement of comprehensive income.

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

**d) Financial instruments**

**i) Financial assets**

**Initial recognition and measurement**

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive Income and Amortized cost. The Company determines the classification of its financial assets at initial recognition.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs

The Company's financial assets include cash and cash equivalents, and amounts due from related parties. These are classified and loans and receivables.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

Financial Asset at amortized cost:

These include bank balances and amounts due from related parties. After initial measurement, bank balances and amounts due from related parties are subsequently measured at amortised cost using the effective interest rate (EIR) method, less allowances for impairment. Amortization is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

An allowance for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of financial asset.

**De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

**d) Financial Instruments (continued)**

**i) Financial assets (continued)**

**Impairment of financial assets (continued)**

The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

The Company uses a provision matrix to measure the expected credit loss of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

**ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

**Subsequent measurement**

The Company's financial liabilities are subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

**De-recognition**

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

**iii) Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liabilities simultaneously.

The fair value of financial instruments measured at amortised cost is disclosed in the financial statements when the carrying amounts are not a reasonable approximation of the fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.



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

**d) Financial Instruments (continued)**

**iv) Fair value of financial instruments**

The fair value of financial instruments measured at amortised cost is disclosed in the financial statements when the carrying amounts are not a reasonable approximation of the fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use.

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

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

**Going concern**

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

**Taxation**

The Company is subjected to a number of taxes and levies by various Government and quasi-government regulations bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with at most care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous; such differences will affect the income and liabilities in the period in which such differences are determined.

**5. FINANCIAL RISK MANAGEMENT**

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks.

Risk management is carried out by management under policies approved by the Board of Directors.

**Market risk**

**i) Foreign exchange risk**

Foreign exchange risk arises from financial instruments held in foreign currencies. The Company operates wholly within Tanzania and its assets and liabilities are mainly denominated in local currency. As such, the Company has no significant exposure to foreign exchange risk.

**ii) Price risk**

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

**iii) Interest rate risk**

Interest rate exposure arises from interest rate movements. However, the Company does not have interest bearing financial instruments.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from placements (bank balances) and balances with other counterparties.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Company analyses and assesses the gearing ratio to determine the level and its optimality.

**Fair value**

The fair value of the Company's financial instruments reasonably approximates the carrying amounts.

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

**6. RELATED PARTY DISCLOSURES**

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

The following are transactions and balances with related parties:

	<b>2018</b>	<b>2017</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>a) Balance due from related party</b>		
Airtel Tanzania PLC	<u>1,000</u>	<u>1,000</u>

**b) Key management compensation**

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

The Company did not have any employees during the year and therefore did not pay any salaries or other emoluments

**c) Directors' remuneration**

The Directors of the Company were not paid any fees or other emoluments during the year.

	<b>2018</b>	<b>2017</b>
	<b>TZS' 000</b>	<b>TZS' 000</b>
<b>7. SHARE CAPITAL</b>		
Issued and fully paid up 1,000 ordinary shares of TZS 1,000 each	<u>1,000</u>	<u>1,000</u>
<b>8. ADMINISTRATIVE EXPENSES</b>		
Auditors remuneration	<u>15,846</u>	<u>15,402</u>
<b>9. TRADE AND OTHER PAYABLES</b>		
Accrued auditor's remuneration	30,804	24,889
Payable to related party	<u>9,931</u>	<u>-</u>
<b>TOTAL</b>	<u><u>40,735</u></u>	<u><u>24,889</u></u>

**10. CONTINGENT LIABILITIES**

There were no material contingencies as at 31 December 2018 (2017: Nil), which may possibly result in loss to the Company.

**11. COMMITMENTS**

The Company had no commitments as at 31 December 2018 (2017: Nil).

**12. ULTIMATE HOLDING COMPANY**

Airtel Money Tanzania Limited is part of the Bharti Airtel Group of Companies. The Company's direct shareholders are Airtel Tanzania PLC and Airtel Mobile Commerce Tanzania Limited, both companies are incorporated and domiciled in Tanzania. Ultimate controlling entity effectively from November 3, 2017 is Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Mittal's family trust effectively controlling the Company. The step-up parent company that produces consolidated financial statements for public use within the Group is Bharti Airtel Limited, a company incorporated and domiciled in India.

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

**13. EVENTS SUBSEQUENT TO THE YEAR END**

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.