

AIRTEL MOBILE COMMERCE LIMITED

Annual Report and Financial Statements
for the year ended 31 December 2018

AIRTEL MOBILE COMMERCE LIMITED`
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2018

<u>Index</u>	<u>Page</u>
Directors' report	1 - 3
Statement of directors' responsibilities	4
Independent auditor's report	5 - 7
Statement of financial position	8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 17

AIRTEL MOBILE COMMERCE LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2018

The Directors submit their report on the affairs of the Company together with the financial statements of Airtel Mobile Commerce Limited ("the Company") and auditor's report for the year ended 31 December 2018.

1. REVIEW OF ACTIVITIES

Main Business and Operations

Airtel Mobile Commerce Limited was incorporated under the Companies Act 1984 as repealed by the Companies act 2013.

The principal activity of the Company is to provide mobile commerce services through the Airtel Money infrastructure. There have been no significant changes in the Company's business during the year

Effective December 2014, Airtel Mobile Commerce Limited's operational activities were transferred to Airtel Malawi Limited (GSM) for purposes of complying with Airtel Group's Policy that Airtel Money operational business be run through Airtel Malawi Limited.

2. AUTHORISED AND ISSUED SHARE CAPITAL

Authorized, issued and fully paid:

100,000 Ordinary shares of K1 each 100 000

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

Name of Share Holder	No. of Shares	% of Shareholding
Airtel Mobile Commerce B.V.	99 999	99.999%
Airtel Mobile Commerce Holdings B.V.	<u>1</u>	<u>0.001%</u>
	<u>100 000</u>	<u>100%</u>

3. GOVERNANCE

The Board of Directors consists of two executive directors and two non-executive directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board delegates the day to day management of the business to the Sister Company's (Airtel Malawi Limited) Managing Director who is assisted by the Senior Management team of the Company. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units. The Board met four times during the year.

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

AIRTEL MOBILE COMMERCE LIMITED`
DIRECTORS' REPORT (Continued)
For the year ended 31 December 2018

4. DIRECTORS

The following directors appointed in terms of the Articles of Association of the Company served office during the year.

Name	Residence	Nationality	Date of appointment
Mr. Charles Kamoto*	Malawi	Malawian	4 th December 2015
Mrs. Hlupekire Chalamba*	Malawi	Malawian	4 th December 2015
Mrs. Tina Uneken**	Netherlands	Dutch	28 th June 2010
Mr. Rajeev Sethi **	India	Indian	6 th June 2018

*Executive Director **Non-Executive Director

5. COMPANY SECRETARY

The secretary of the Company is Hlupekire Chalamba.

6. FINANCIAL PERFORMANCE

Following resolution of the Board as indicated in (1) above, effective 1 January 2014, Airtel Mobile Commerce Limited transferred the mobile commerce business to Airtel Malawi Limited, hence operating results of Airtel Mobile Commerce are consolidated with those of Airtel Malawi Limited.

7. EVENTS AFTER THE REPORTING PERIOD

Effective 01st January 2019, in accordance with Reserve Bank of Malawi regulation, the shareholders and the Board of Directors of Airtel Malawi Limited and Airtel Mobile Commerce Limited resolved that provision of mobile commerce services, including Airtel money, shall be operated and provided through Airtel Mobile Commerce Limited.

Accordingly, annual financial statement of Airtel Mobile Commerce Limited for the year ending 31st December 2019, and going forward shall be prepared for the purposes of the provision of mobile commerce operational activities.

Subsequent to the balance sheet date Airtel Mobile Commerce B.V. having 99,999 shares of the Company has passed Board resolution to transfer all its shares to the Airtel Mobile Commerce Malawi B.V., a company incorporated in Netherlands and wholly owned subsidiary of Airtel Mobile Commerce B.V.

8. GOING CONCERN

In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the financial statements.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.


The directors are of the opinion that the Company is a going concern on the basis that the Company: -

- a. Will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is dependent on management achieving operational targets on average revenue per site and average operating expenses per site;
- b. Will obtain some 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. A commitment to this effect from the shareholders has been obtained by the Company.

8. AUDITORS

The auditors, Deloitte, have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting in relation to their appointment as auditors in respect of the year ending 31 December 2019.

Chairman: 

Director: 

AIRTEL MOBILE COMMERCE LIMITED`
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2018

The Companies Act 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 Airtel Mobile Commerce Limited as at the end of the financial year and of the operating results for that year.

The directors also acknowledge their duty to ensure the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act.


In preparing the financial statements the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for establishing internal controls that ensure the propriety of transactions and accuracy and reliability of the accounting records and to safeguard the assets of the Company against loss by theft, fraud, defalcation or otherwise.

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 and cash flows for the year ended 31 December 2018.


.....) **CHAIRMAN**


.....) **DIRECTOR**

..... **DATE**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AIRTEL MOBILE COMMERCE LIMITED**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Airtel Mobile Commerce Limited set out on pages 8 to 17, which comprise the statement of financial position as at 31 December 2018, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 Airtel Mobile Commerce Limited as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act.

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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restatement of financial statements

We draw attention to note 10 to the financial statements which indicate that the previously issued financial statements for the year ended 31 March 2017 on which we issued an auditor's report dated 12 June 2018 have been restated. As explained therein, Airtel Money trust accounts are managed and operated by Airtel Money Trust (a trust, incorporated under Trustees Incorporation Act). Hence, figures of 2017 for trust accounts have been restated and presented under Airtel Money Trust and not under Airtel Mobile Commerce Limited. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report and the statement of directors' responsibilities, as required by the Companies Act, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Other Information(Continued)

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, and for such internal control as the directors determine is 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

We communicate with the directors regarding, 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte

Deloitte
Chartered Accountants
Vilengo Beza
Partner

9 July 2019


AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF FINANCIAL POSITION
 At 31 December 2018

	<u>Note</u>	<u>2018</u> K'000	<u>2017 (Restated)</u> K'000
ASSETS			
Current assets			
Amount due from related parties	7	100	100
Total assets		<u>100</u>	<u>100</u>
EQUITY AND LIABILITIES			
Share capital		100	100
Total shareholders' equity		<u>100</u>	<u>100</u>

The financial statements were approved and authorised for issue by the Board of Directors on
4th day of July 2019 and signed on its behalf by:



Director



Director

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	2018 K	2017 (Restated) K
Income		-	-
		<hr/>	<hr/>
Operating expense		-	-
Tax expense		-	-
		<hr/>	<hr/>
Loss for the year		-	-
Other Comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		-	-
		<hr/>	<hr/>

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	<u>Share Capital</u> K'000	<u>Retained earnings</u> K'000	<u>Total</u> K'000
<u>Year ended 31 December 2017 (Restated)</u>			
At the beginning of the year	100	-	100
At end of the year 2017 (Restated)	100	-	100
<u>Year ended 31 December 2018</u>			
At the beginning of the year as restated	100	-	100
Total comprehensive income for the year	-	-	-
At end of the year 2018	100	-	100

	<u>2018</u> K'000	<u>2017 (Restated)</u> K'000
SHARE CAPITAL		
<u>Authorised:</u>		
100 000 Ordinary shares of K1 each	<u>100</u>	<u>100</u>
<u>Issued and fully paid:</u>		
100 000 Ordinary shares of K1 each	<u>100</u>	<u>100</u>

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CASH FLOWS
 For the year ended 31 December 2018

	<u>2018</u> K'000	<u>2017 (Restated)</u> K'000
Cash flows from operating activities		
Profit	-	-
Operating profit before working capital changes	<hr/> -	<hr/> -
Increase in amounts due to related parties	-	-
Cash generated from operations	<hr/> -	<hr/> -
Net movements in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	<hr/> <hr/> -	<hr/> <hr/> -

7

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. Corporate information

Airtel Mobile Commerce Limited was incorporated under the Companies Act 1984 as repealed by the Companies act 2013.

The principal activity of the Company is to provide mobile commerce services through the Airtel Money infrastructure.

There have been no significant changes in the Company's business during the year.

Registered office and place of business

Airtel Malawi Limited
Airtel House, City Centre
Off Independence Drive
P O Box 57
Lilongwe
MALAWI

Company Secretary

Hlupekire Chalamba
Airtel Malawi Limited
Airtel House, City Centre
Off Independence Drive
P O Box 57
Lilongwe
MALAWI

Bankers

National Bank of Malawi P.O Box 30317, Lilongwe 3
NBS Bank P.O Box 829, Lilongwe
FDH Bank P.O Box 30432, Lilongwe3
FCB Private Bag 122, Blantyre
Standard Bank PO Box 30386, Capital City, Lilongwe
Ecobank P.O. Box 2980, Lilongwe

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2018.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the Company.

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

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after *1 January 2019*, and have not been applied in preparing these financial statements. Those which may be relevant to the company are set out below. The company does not plan to adopt these standards early *or describe the impact where there is early adoption*). These will be adopted in the period that they become mandatory unless otherwise indicated.

The directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the company.

3. Significant accounting policies

The following is a summary of the significant accounting policies used by the Company. These policies have been consistently applied: -

3.1 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) and the provisions of Malawi Companies Act.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 measured date regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised in Level 1, 2 or 3 based on the degree to which the inputs to their fair value measurements are observable and the significance of the inputs to fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies of the Company, which are set out below, have been consistently followed in all material respects.

3. Significant accounting policies (Continued)

3.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in the application of IFRS's that have significant effect on the amounts recognised in the financial statements are discussed in note 4 to these financial statements.

3.4 Accounting convention

The financial statements are prepared in terms of the historical cost convention with the exception of financial instruments which are accounted for as in note 3.5 below. No other procedures have been adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

3.5 Financial instruments

Amount due from related parties are the financial assets of the Company. The Company did not have any liabilities. All financial assets and liabilities are valued at amortised cost due to their nature and fair value of the same approximate the carrying amount due to short term nature.

3.6 Provisions

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

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

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical accounting judgements made by management

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. **Critical accounting judgements and key sources of estimation uncertainty (Continued)**

4.2 **Key sources of estimation uncertainty**

Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

5. **Financial risk management**

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5.1 ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

5.2 ***Market risk***

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity and commodity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2018

5. Financial risk management (Continued)

5.3 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 trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various service providers, prepayments and bank balances.

Amount due from the related party best represents the Company's maximum exposure to the credit risk or concentration of the credit risk.

5.4 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 operations and are faced by all business entities.

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.

6. Capital risk management

Capital includes equity attributable to the equity holders of the company. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

7 Related party disclosures

Amounts due from related parties

<u>Name of related party</u>	<u>Relationship</u>	<u>2018</u> K'000	<u>2017 (Restated)</u> K'000
Airtel Money Trust	Fellow subsidiary	100	100
		<u>100</u>	<u>100</u>

Funds held by Airtel Money Trust represents cash received for paid up share capital of the Company from Airtel Mobile Commerce B.V. (immediate parent of the Company). This was received in the bank account of Airtel Money Trust (fellow subsidiary of the Company) and hence it is disclosed as Receivable from Airtel Money Trust.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2018

8. Taxation

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

9. Economic factors

The average of the year-end buying and selling rates of the foreign currencies most affecting the performance of the fund is stated below, together with the increase in the National Consumer Price Index for the year, which represents an official measure of inflation.

	<u>2018</u>	<u>2017</u>
Kwacha/US Dollar	727.0	734
Inflation	9.9%	7.1%

Subsequent to year-end, on 28 June 2019, the above economic factors had moved as follows:

Kwacha/US Dollar	770.37
Inflation (May 2019)	8.9%

No adjustments arising from the movement of the exchange rates after the year-end have been made in the statement of financial condition.

10. Restatement of previous year financial statement

Airtel Money trust accounts are managed and operated by Airtel Money Trust (a trust, incorporated under Trustees Incorporation Act). Hence, figures of 2017 for trust accounts have been restated and presented under Airtel Money Trust.

11. Contingent Liabilities

There were no contingent liabilities at the reporting date (2017: Nil)

12. Events after reporting date

Effective 01st January 2019, in accordance with Reserve Bank of Malawi regulation, the shareholders and the Board of Directors of Airtel Malawi Limited and Airtel Mobile Commerce Limited resolved that provision of mobile commerce services, including Airtel money, shall be operated and provided through Airtel Mobile Commerce Limited.

Accordingly, annual financial statement of Airtel Mobile Commerce Limited for the year ending 31st December 2019, and going forward shall be prepared for the purposes of the provision of mobile commerce operational activities.

Subsequent to the balance sheet date Airtel Mobile Commerce B.V. having 99,999 shares of the Company has passed Board resolution to transfer all its shares to the Airtel Mobile Commerce Malawi B.V., a company incorporated in Netherlands and wholly owned subsidiary of Airtel Mobile Commerce B.V.