

AIRTEL MOBILE COMMERCE NIGERIA LIMITED

Annual Report and Financial Statements
For the year ended 31 December 2023

AIRTEL MOBILE COMMERCE NIGERIA LIMITED
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For the year ended 31 December 2023

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Directors' Report

The Directors present their annual report on the affairs of the Airtel Mobile Commerce Nigeria Limited, together with the financial statements and auditor's report for the year ended 31 December 2023.

1. Legal form

Airtel Mobile Commerce Nigeria Limited ("Airtel Mobile Commerce Nigeria Limited" or "the Company") was incorporated on 31 August 2017 as a private limited liability company and is yet to commence operation as at 31 December 2023.

2. Principal activity

The principal activity of the Company is to act as a provider of electronic commerce (e-commerce) service, facilitate the acceptability of mobile money, act as an agent of financial institutions carrying on the business of agency banking as well as act as aggregator and manager of agents' networks for the same purpose.

3. Result for the year

The following is a summary of the Company's operating results:

Financial Highlights			
Particulars	Financial Year		YoY Growth %
	2023	2022	
	N' 000	N' 000	
Revenue from operations	-	-	-
Profit/(Loss) before taxation	(19,004)	2,999	(733.68)
Profit/(Loss) after taxation	(19,004)	2,999	(733.68)
Capex investment at year end	-	-	-

4. Directors' interests

The directors and their beneficial interests in the shares of the Company as at 31 December 2023 were as follows:

<u>Names</u>	<u>Designation</u>	<u>Date Appointed/ Resignation</u>	<u>Representing</u>	<u>Number of Ordinary Shares of ₦1.00 each</u>
Mr. Oye Oladokun (Nigerian)	MD/CEO	Appointed 21 March 2018	-	Nil
Mrs. Olufunmilayo Ajayi (Nigerian)	Director	Appointed April 2022	-	Nil
Mr. Segun Ogunsanya (Nigerian)	Director	Appointed 9 August 2017	-	Nil
Mr. Jaideep Paul (Indian)	Director	Appointed 9 August 2017	-	Nil

The Directors do not have any interest required to be disclosed under section 275 on the Companies and Allied Matters 2020.

Directors' Report (cont'd)

5. Shareholders and Shareholdings

The shareholding structure of the Company at the end of the year was as follows:

	2023		2022	
	Ordinary shares of N1 each	% shareholding	Ordinary shares of N1 each	% shareholding
	N	%	N	%
Airtel Mobile Commerce B.V.	1	0.000002	1	0.000002
Airtel Networks Limited	49,999,999	99.999998	49,999,999	99.999998
	50,000,000	100.00	50,000,000	100.00

6. Charitable contributions

In compliance with the Companies and Allied Matters Act, 2020, the Company did not make any donations or gifts to any political association or for any political purpose during the year under review.

7. Employment and employees

The Company had no employee during the year.

8. Business ethics and compliance code

The Company has instituted a sound Business Ethics and Compliance Code, which ensures that its business is conducted in conformity with highest ethical principles, standards and integrity. It continually creates ethical awareness amongst its directors, officers and business partners to ensure full compliance with Nigerian and applicable international laws and conventions on anti-corruption, anti-money laundering and anti-terrorism.

9. Auditors

Messrs' Deloitte & Touché has expressed their willingness to continue in office as the Company's auditors in accordance with the provision of the Companies and Allied Matters Act, 2020.

BY ORDER OF THE BOARD



Shola Adeyemi
Company Secretary
FRC/2016/NBA/00000014257
Date 28 March 2024

Plot L2,
Banana Island,
Ikoyi,
Lagos

Statement of Directors' Responsibilities

The Directors of Airtel Mobile Commerce Nigeria Limited accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act, 2020 of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.



Oladokun Oye
MD/CEO
FRC/2020/003/00000021377
28 March 2024



Carl Cruz
Director
FRC/2022/PRO/DIR/003/00000023359
28 March 2024

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Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements;

We state that management and directors:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company [and its subsidiaries] is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,
- (ii) has evaluated the effectiveness of the Company's internal controls prior to the date of its audited financial statements, and
- (iii) certifies that Company's internal controls are effective as of that date;

We have disclosed:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
- (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and
- (iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Company for the year ended 31 December 2023 were approved by the directors on 28 March 2024.



Oladokun Oye
MD/CEO
FRC/2020/003/00000021377



Modupe Ojo
Head, Financial Reporting
FRC/2013/ICAN/00000002730

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Airtel Mobile Commerce Nigeria Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Airtel Mobile Commerce Nigeria Limited** set out on pages 4 to 35, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statements of cash flows for the year then ended, the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of financial position of the **Airtel Mobile Commerce Nigeria Limited** as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020 and Financial Reporting Council of Nigeria (Amendment) Act 2023.

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 requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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. The other information comprises the Directors' Report, statement of directors' responsibilities for the preparation and approval of financial statements, the Certification of financial statements and other national disclosures (Statement of value added and Financial Summary) which we obtained prior to the date of this report. 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 and will 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 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 and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020 and the Financial Reporting Council (Amendment) Act, 2013 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.
- 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.

We also provide those charged with governance 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, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of the Companies and Allied Matters Act 2020, we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company have kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Stella Mba, FCA - FRC/2013/ICAN/00000001348

For: Deloitte and Touché

Chartered Accountants

Lagos, Nigeria

28 March 2024



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Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 N'000	2022 N'000
Revenue from operations	6	-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses	7	(2,519)	(2,377)
Other Operating Expense	8	<u>(16,485)</u>	<u>-</u>
Finance income	9	-	6,234
Finance cost	10	<u>-</u>	<u>(858)</u>
Net finance cost		<u>-</u>	<u>5,376</u>
(Loss) /Profit before tax	11	(19,004)	2,999
Tax expense	12(a)	<u>-</u>	<u>-</u>
(Loss) /Profit for the year after tax		<u>(19,004)</u>	<u>2,999</u>
Other comprehensive income			
There are no items of other comprehensive income		-	-
Total comprehensive loss for the year, net of tax		<u>(19,004)</u>	<u>2,999</u>
Loss per share			
Basic and diluted (₦)	14	<u>(0.38)</u>	<u>0.06</u>

The accompanying notes on pages 8 to 38 form an integral part of these financial statements.

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Statement of Financial Position
As at 31 December 2023

	Notes	2023 N'000	2022 N'000
Assets			
Current assets			
Financial Assets			
Cash and Cash Equivalent	22	55,440	55,440
Total current assets		<u>55,440</u>	<u>55,440</u>
Total assets		<u>55,440</u>	<u>55,440</u>
Liabilities			
Current liabilities			
Interest bearing loans and borrowings	18	-	-
Trade and other payables	19	31,611	12,607
Income tax payable	12(c)	-	-
Other current liabilities	13	86	86
Total current liabilities		<u>31,697</u>	<u>12,693</u>
Net Current Assets		<u>23,743</u>	<u>42,747</u>
Non-current liabilities			
Interest bearing loans and borrowings	18	-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>31,697</u>	<u>12,693</u>
Net Asset		<u>23,743</u>	<u>42,747</u>
Equity			
Equity			
Share capital	16	50,000	50,000
Retained earnings	17	(26,257)	(7,253)
Total Equity		<u>23,743</u>	<u>42,747</u>

These financial statements are approved by the Board of Directors on 28 March 2024 and signed on its behalf by:



Oladokun Oye
Chief Executive Officer
FRC/2020/003/00000021377



Modupe Ojo
Head, Financial Reporting
FRC/2013/ICAN/0000002730

The accompanying notes on pages 8 to 38 form an integral part of these financial statements.

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Statement of Changes in Equity

	Share Capital N'000	Retained Earnings N'000	Total Equity N'000
2023			
As at 1 January 2023	50,000	(7,253)	42,747
Loss for the year	-	(19,004)	(19,004)
Total comprehensive Loss	<u>-</u>	<u>(19,004)</u>	<u>(19,004)</u>
As at 31 December 2023	<u>50,000</u>	<u>(26,257)</u>	<u>23,743</u>
2022			
As at 1 January 2022	50,000	(10,252)	39,748
Profit for the year	-	2,999	2,999
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>2,999</u>	<u>2,999</u>
As at 31 December 2022	<u>50,000</u>	<u>(7,253)</u>	<u>42,747</u>

The accompanying notes on pages 8 to 38 form an integral part of these financial statements.

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Statement of Cash Flows

As at 31 December 2023

	Note	2023 N'000	2022 N'000
Cash flows from operating activities			
Profit/(Loss) for the year before tax		(19,004)	2,999
Finance income	9	-	(6,234)
Finance cost	10	-	858
Non-cash adjustments		-	-
		<u>(19,004)</u>	<u>(2,377)</u>
Changes in working capital:			
Trade and other payables	19	19,004	2,355
Other current liabilities		-	86
Security Deposit		-	50,000
Cash generated from operating activities		<u>-</u>	<u>50,064</u>
Income tax paid	12(c)	-	-
Net cash from operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Interest received		-	6,234
Net cash generated from investing activities		<u>-</u>	<u>6,234</u>
Cash flows from financing activities			
Proceeds from shares		-	-
Shareholders loan received	18	-	20,000
Shareholders loan repaid	18	-	(20,000)
Interest paid	18	-	(858)
Net cash used in financing activities		<u>-</u>	<u>(858)</u>
Net movement in cash and cash equivalents		-	55,440
Cash and cash equivalents at the beginning of year		<u>55,440</u>	-
Cash and cash equivalents at the end of year		<u><u>55,440</u></u>	<u><u>55,440</u></u>

The accompanying notes on pages 8 to 38 form an integral part of these financial statements.

Notes to the Financial Statements

1. Corporate Information

Airtel Mobile Commerce Nigeria Limited ("Airtel Mobile Commerce Nigeria Limited" or "the Company") was incorporated on 31 August 2017 as a private limited liability company and is yet to commence operation as at 31 December 2023. The principal activity of the Company is to act as a provider of electronic commerce (e-commerce) service, facilitate the acceptability of mobile money, act as an agent of financial institutions carrying on the business of agency banking as well as act as aggregator and manager of agents networks for the same purpose. Airtel Mobile Commerce Nigeria Limited is a subsidiary of Airtel Networks Limited and has Airtel Africa Plc as its step-up parent.

2. Basis of preparation and measurement

(a) 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) applicable to companies reporting under IFRS and the requirements of the Companies and Allied Matters Act of Nigeria (CAMA 2020) and Financial Reporting Council of Nigeria Act 2011.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for items measured at fair value as indicated in the policies below.

(c) Functional and presentation currency

The financial statements have been presented in Naira which is the Company's functional and presentation currency. The Company determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements are measured using its functional currency. All values are rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimate and judgement

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the reporting date and the reported amount of revenue and expenses during the period.

(e) Current vs. non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- ii) Held primarily for the purpose of trading;
- iii) Expected to be realised within twelve months after the reporting period; or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in the normal operating cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is due to be settled within twelve months after the reporting period; or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Notes to the financial statements

2. Basis of preparation and measurement (continued)

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(f) Fair value measurement

The Company measures financial instruments at fair value and amortised cost as may be applicable at each reporting date.

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:

- i) in the principal market for the asset or liability, or
- ii) in the absence of a principal market, in the most advantageous market for the asset or liability

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 asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the financial statements

3. Summary of significant accounting policies

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

3.1 Intangible assets

Intangible assets are those identifiable non-monetary assets without physical substances. They include those that are acquired separately by the Company including mobile money licence fees and software. Intangible assets are measured on initial recognition at cost and subsequently, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Licences are amortised over the useful life of the intangible assets on a straight line basis from the effective date of the licence.

The useful life or amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss in the other operating expense category.

De-recognition of Intangible assets

Intangible assets are derecognised when impaired or sold. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of intangible assets

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs of disposal is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction.

3.2 Impairment of non-financial assets

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. Impairment losses, if any, are recognised in profit or loss as a component of depreciation and amortisation expense. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised. An assessment is made at each reporting date and whenever any indicator for impairment exists, to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.3 Financial instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. 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.

3.3.1 Financial assets

(i) **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) and amortised cost as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, all recognised financial assets are measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.:

- Financial assets at fair value through profit or loss (FVTPL) – *Not applicable*
- Financial assets at fair value through other comprehensive income (FVTOCI) – *Not applicable*
- Amortised cost – *Not applicable*

After initial measurement, these receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. The Company has no financial assets in its books.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Company has not designated any financial assets upon initial recognition at fair value through profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets at fair value through other comprehensive income includes assets that are not held for trading but to collect contractual cash flows and through the sale of the financial assets.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

The Company has not designated any financial assets upon initial recognition at fair value through other comprehensive income.

3.3.1 Financial assets (cont'd)

(ii) Subsequent measurement

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss.

For financial assets (other than assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the instrument, or, where appropriate, a shorter period, to the gross carrying amount of the instrument on initial recognition. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the instrument on initial recognition.

Trade receivable

Trade receivables are recognised initially at fair value as the invoice amount and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The Company deploys age analysis tools to track the payment pattern of customers. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively; the amount of provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of trade receivable are reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off are included in other operating income.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.3.1 Financial instruments (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits and other short term highly liquid investments with an original maturity of three months or less, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

(iii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognised in profit or loss in the 'finance cost' line item except for equity instruments measured at FVTOCI, which exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

(iv) Impairment of financial assets - Expected credit losses

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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. The Company applies the simplified approach which uses a provision matrix to measure the expected credit loss of trade receivables.

The Company recognises a loss allowance for expected credit losses at each reporting date to reflect changes in credit risk. The expected credit losses on these financial assets are estimated using a provision matrix based on the historical credit loss experience. 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

Allowance for impairment of trade receivable

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used. However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.3.1 Financial assets (cont'd)

Write off

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. Any write-off/recoveries made are recognised in profit or loss.

(v) Financial assets – Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. 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.

3.3.2 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.

(a) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

3.3.2 Financial liabilities and equity – classification as debt or equity (cont'd)

(b) Financial liabilities

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial liabilities is at amortised cost using effective interest method or at Fair value through profit or loss (FVTPL).

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other operating expenses in profit or loss.

(ii) Financial liabilities measured at amortised cost

All other financial liabilities of the Company including trade payables and interest bearing loans and borrowings are measured at amortised cost subsequently 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.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in profit or loss.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

3.3.2 Financial liabilities and equity – classification as debt or equity (cont'd)

(b) Financial liabilities (cont'd)

(iii) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Company has no such contract liabilities.

(iv) Foreign exchange gains and losses on financial liabilities

Financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance cost' line item in profit or loss. For financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

(v) Financial liabilities de-recognition

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

3.3.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.4 Derivative financial instruments - Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The resulting gain or loss is recognised in profit or loss immediately.

3.5 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date with resulting exchange difference recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

3.8 Revenue recognition

Revenue is measured based on the consideration expected to be received in a contract with a customer and excludes amounts collected on behalf of third parties. In an agency relationship, the Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. The Company is however yet to commence operations.

3.9 Taxation

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Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The payment made in excess/ (shortfall)of the income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

3.9 Taxation (cont'd)

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity or other comprehensive income and not in profit or loss. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Any interest, related to accrued liabilities for potential tax assessments are not included in income tax charge or (credit), but are rather recognised within finance costs.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable or based on expected value approach, as applicable and are presented within current tax liabilities. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(a) Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

(b) Current tax and deferred tax for the year

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(c) Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- i) When the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.10 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The Company capitalises borrowing costs on qualifying assets that takes more than one year to get ready for use. All other borrowing costs are expensed in the year they are incurred.

3.11 Provisions and contingencies

(a) 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 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 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.

(b) Contingencies

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Notes to the financial statements

3. Summary of significant accounting policies (cont'd)

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Where the Company makes contributions into a separately administered fund for restoration, environmental or other obligations, which it does not control, and the Company's right to the assets in the fund is restricted, the obligation to contribute to the fund is recognised as a liability where it is probable that such additional contributions will be made.

3.12 Earnings per share

The Company's Earnings per Share ('EPS') is determined based on the net income attributable to the shareholders. Basic earnings per share are computed using the weighted average number of shares outstanding during the year.

3.13 Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss, interest income is recognised using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the statement of comprehensive income.

4. Significant accounting judgments, estimates and assumptions

4.1 Judgements

Under IFRS, the directors have adopted those accounting policies most appropriate to the Company's circumstances for the purpose of presenting a true and fair view of the Company's financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

(a) Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with any future tax planning strategies. Refer to Note 9 for the disclosure of deferred tax assets recognition.

4.2 Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and 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.

Notes to the financial statements

(a) **Impairment of non-financial assets**

Non-financial assets include majorly intangible assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(b) **Taxation provisions**

The Company's current tax provision relates to management's assessment of the amount of tax payable as at the reporting date based on the Company's performance during the financial year.

5. Adoption of new and revised standards

5.1 Standards that became effective on 1 January 2023

No new International Financial Reporting Standard (IFRS) issued during the year is applicable to the Company applied. Amendment to existing IFRS's have been applied by the Company as required, however, these amendments do not have any material impacts on the company's financial statements. The list of newly issued amendments is as follows

5.1.1 IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates and the impact of policyholders' options and guarantees.

The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

5.1.2 Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 regarding disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements.

5. Adoption of new and revised standards (continued)

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

5.1.3 Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

5.1.4 Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

5.1.5 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

Notes to the financial statements

5. Adoption of new and revised standards (continued)

5.2 Standards issued but not yet effective

The standards and interpretations that are issued and not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. These pronouncements have been issued by IASB, but are not yet effective:

5.2.1 Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

5.2.2 Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

Notes to the financial statements

5.2.3 Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

5.2.4 Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

5. Adoption of new and revised standards (continued)

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Notes to the financial statements

6 Revenue from operations

The Company has not commenced business operations, hence there is no revenue and cost of sales recorded for the year (2022: Nil).

7 Administrative expenses

	2023	2022
	N'000	N'000
Bank charges	-	23
Statutory audit fees*	2,343	2,249
Other administrative expenses**	176	105
	2,519	2,377

* The audit fees represent auditors' remuneration as agreed with Deloitte & Touche for the final audits of Airtel Mobile Commerce Nigeria Ltd for the year ended 31 December 2023 and 2022 respectively. The independent auditors report was signed by Stella Mba, a partner with the firm, with Financial Reporting Council (FRC) membership number FRC/2013/ICAN/00000001348. Airtel does not have any professional engagement other than audit with Deloitte for the year 2023 and 2022.

** Other administrative expenses relate to reimbursable paid on audit engagement

8 Other Operating Expense

	2023	2022
	N'000	N'000
Director's Fees	16,485	-

9 Finance income

	2023	2022
	N'000	N'000
Interest received – banks	-	6,234

10 Finance cost

	2023	2022
	N'000	N'000
Interest on debts and borrowings	-	858

11 Profit/(Loss) before tax is after charging:

	2023	2022
	N'000	N'000
Statutory audit fee (Note 7)	2,343	2,249
Director's Fees	16,485	-
Finance income	-	6,234
Finance cost	-	858

Notes to the financial statements

12 Taxation

(a) Tax expense

The company's gross turnover is less than N25m, hence does not qualify for minimum tax in line with provision of Companies Income Tax Act. The Company is yet to commence business operations, therefore no assessable profit for the year (2022: Nil)

During the year, the Company has incurred losses amounting to N19million (2022: profit of N3million). This Loss relates to pre-operational expenses which are not incur during trade or business. In line with the tax law, it cannot be carried forward to off-set future profit.

	2023	2022
	N'000	N'000
Income tax	-	-
Education tax	-	-
	<hr/>	<hr/>
Deferred tax expense/(benefit) (Note 12(d))	-	-
	<hr/>	<hr/>
	-	-

(b) Reconciliation of effective tax rate

	2023		2022	
	N'000	%	N'000	%
(loss)/Profit before tax	<u>(19,004)</u>		<u>2,999</u>	
Tax (credit)/Expense Income tax using statutory tax rate	(5,701)	(30)	900	30
Deferred tax not recognised	5,701	30	-	-
Impact of profit not subjected to tax	<u>-</u>	<u>-</u>	<u>(900)</u>	<u>(30)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

(c) Movement in Income tax payable

	2023	2022
	N'000	N'000
Balance as at 1 January	<hr/>	<hr/>
	-	-
Charge for the year:		
Income tax	-	-
Education tax	-	-
	<hr/>	<hr/>
	-	-
Payments during the year	-	-
	<hr/>	<hr/>
Balance as 31 December	<hr/>	<hr/>
	-	-

Notes to the financial statements
Taxation Continued

(d) The movement on the deferred tax asset/ (liabilities) account was as follows:

	2023	2022
	N'000	N'000
Balance at 1 January	-	-
Movement during the year (expenses)/benefit	-	-
Balance at 31 December	<u>-</u>	<u>-</u>
 Deferred tax assets/(liabilities) are attributable to the following:		
Unutilised losses	-	-
Net deferred tax assets/(liabilities)	<u>-</u>	<u>-</u>

13 Other Current Liabilities

	2023	2022
	N'000	N'000
Withholding tax payables	<u>86</u>	<u>86</u>

14 Profit or loss per share

Basic profit share amounts are calculated by dividing net profit or loss attributable to ordinary equity holders of the parent by the average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computation:

	2023	2022
	N'000	N'000
Net profit (loss) attributable to ordinary equity holders	<u>(19,004)</u>	<u>2,999</u>
	Number of	Number of
	shares	shares
	'000	'000
Weighted average number of:		
Ordinary shares in issue of N1 each	<u>50,000</u>	<u>50,000</u>
Profit or (loss) per share (₦)	<u>(0.38)</u>	<u>0.06</u>

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. There was no dilutive instrument during the year.

Notes to the financial statements

15 Intangible assets

The Company deposited for Super agent licence to the Central Bank of Nigeria in 2018. As at 31 December 2021, the licence is yet to be received but approval in principle given and the payment was recognised as capital work in progress. During the year 2022, the Central Bank of Nigeria refunded the deposit hence, the capital work in progress has been derecognised.

The movement during the year was as follows:

	Capital work in progress N'000	Total N'000
Cost	50,000	50,000
As at 1 January 2022	-	-
Adjustment	(50,000)	(50,000)
As at 31 December 2022	-	-
Adjustment	-	-
As at 31 December 2023	-	-
Accumulated amortization		
As at 1 January 2022	-	-
Amortisation	-	-
As at 31 December 2022	-	-
Amortisation	-	-
As at 31 December 2023	-	-
Carrying amount		
As at 31 December 2023	-	-
As at 31 December 2022	50,000	50,000

16 Share capital

	2022 N'000	2021 N'000
Authorised:		
50,000,000 ordinary shares of ₦1 each	50,000	50,000
Issued, called up and fully paid:		
50,000,000 ordinary shares of ₦1 each	50,000	50,000

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17 Retained earnings

	2023	2022
	₦'000	₦'000
As at 1 January	(7,253)	(10,252)
Profit (Loss) for the year	(19,004)	2,999
As at 31 December	(26,257)	(7,253)

18 Interest bearing loans and borrowings

	2023	2022
	₦'000	₦'000
As at 1 January	-	-
Addition during the year	-	20,000
Interest accrued	-	858
Principal payment	-	(20,000)
Interest payment	-	(858)
As at 31 December	-	-

	2023	2022
	₦'000	₦'000
Non-current	-	-
Current	-	-
As at 31 December	-	-

This loan facility was obtained from Airtel Networks Ltd. It is a ₦20 million facility priced at 14% per annum. These loans are stated at amortised cost using the interest rate which approximates to the effective interest rate. The loan was fully paid in 2022.

19 Trade and other payables

	2023	2022
	₦'000	₦'000
Due to related companies (Note 19 (a))	29,091	10,253
Accruals (Note 19 (b))	2,520	2,354
	31,611	12,607

(a) Due to related companies

	2023	2022
	₦'000	₦'000
Airtel Networks Limited	29,090	10,252
PSB Smart cash	1	1
	29,091	10,253

(b) Accruals relates to provision for audit fee for the year.

Notes to the financial statements

20 Related Party

(a) Related party transactions:

The Company entered the following transactions with the under listed related parties during the year:

Name	Nature of transaction	Relationship	Transaction value		Balance receivable		Balance payable	
			2023	2022	2023	2022	2023	2022
Airtel Networks Limited	Incorporation fees/other services	Parent company	N'000 18,840	N'000 2,440	N'000 -	N'000 -	N'000 29,090	N'000 10,252
PSB Smart cash	Other services						1	1
			18,840	2,440	-	-	29,091	10,253

(b) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided for any related party payables. The payables due to related parties are disclosed in Note 19.

(c) Key management personnel

Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management personnel are considered to be the members of the Board.

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Compensation to Directors

	2023 N'000	2022 N'000
Short term compensation		
Fees	15,987	-
Sitting allowance	498	-
	<u>16,485</u>	<u>-</u>
Chairman emoluments (excluding pension contribution)		
	<u>16,485</u>	<u>-</u>
The fees and emoluments of the highest paid Director		
	<u>16,485</u>	<u>-</u>

	2023 Number	2022 Number
Directors' mix		
Executive Director	1	1
Non-executive Directors	3	2

The non-executive directors that received compensation as at 31 December 2023 was 1 (2022: nil) in numbers. The other non-executive directors are representative of the parent company and are not entitled to receive compensation. The number of Directors who received emoluments (excluding pensions and pension contributions) are Nil (2022: Nil).

Notes to the financial statements

21 Financial Instruments

21.1 Categories of financial instruments and their fair value

The table below show financial instruments by their measurement categories.

	Amortised cost N'000	Carrying value N'000
<u>As at 31 December 2023</u>		
Trade and other payables	31,611	31,611
Total financial liabilities	<u>31,611</u>	<u>31,611</u>
<u>As at 31 December 2022</u>		
Trade and other payables	12,607	12,607
Total financial liabilities	<u>12,607</u>	<u>12,607</u>

21.2 Financial risk management

The Company's principal financial liabilities comprise trade and other payables which is a payable to its parent company. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and Company's risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no exposure to interest rate risk as it has no borrowings.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no exposure to the risk of changes in foreign exchange rates.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has no exposure to credit risk

Notes to the financial statements

21.3 Financial risk management (continued)

(c) **Liquidity risk**

The Company has no liquidity risk. Access to sources of funding is sufficiently available. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial instruments by measurement bases

The table below show financial instruments by their measurement bases.

	Total N'000	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 3 years N'000	4 to 5 years N'000
31 December 2023						
Trade and other payables	31,611	-	2,519	29,092	-	-
Total	31,611	-	2,519	29,092	-	-
31 December 2022						
Trade and other payables	12,608	-	2,355	10,252	-	-
Total	12,608	-	2,355	10,252	-	-

Fair Value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- trade payables approximate the carrying amounts largely due to the short-term maturity of the instrument.

As at 31 December 2023, there was no change in counterparty credit risk.

Notes to the financial statements

21.4 Financial risk management (continued)

(d) **Capital risk management**

Capital is the 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 strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and adjusts it in light of changes in economic conditions.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt its trade and other payables. The Company is not subject to any minimum capital requirement.

	2023	2022
	N'000	N'000
Gearing Ratio		
Trade and other payables	31,611	12,608
Other current liabilities	86	85
Net debt	31,697	12,693
Total equity	23,743	42,747
Equity and net debt	55,440	55,439
Gearing ratio	27.3%	22.9%

22 Cash and cash equivalents

	2023	2022
	N'000	N'000
Bank balances	55,440	55,440
Cash and Bank Balance	55,440	55,440
Cash and cash equivalents	55,440	55,440

23 Going concern

The financial statements have been prepared on the basis that the Company will continue as a going concern. As at 31 December 2023, the Company is yet to commence operations.

24 Information relating to employees

The Company had no employees during the year (2022: Nil).

25 Contingent liabilities and Contingent assets

As at 31 December 2023, the Company had no contingent liabilities and contingent asset (2022: Nil).

OTHER NATIONAL DISCLOSURES

Value Added Statement

	2023		2022	
	N'000	%	N'000	%
Revenue	-		-	
Bought-in-materials and services				
- Local	(19,004)		(2,377)	
-Imported	-		-	
	<u>(19,004)</u>		<u>(2,377)</u>	
Value added by operating activities	(19,004)		(2,377)	
<i>Non trading items:</i>				
Other income	-		-	
Finance income	-		6,234	
	<u>(19,004)</u>	<u>100</u>	<u>3,857</u>	<u>100</u>
Value Added	(19,004)	100	3,857	100
Applied as follows:				
To pay employees' salaries, wages and fringe benefits	-	-	-	-
To pay providers of capital - interest	-	-	858	22
Current taxation	-	-	-	-
Deferred Tax	-	-	-	-
Profit (Loss) sustained	<u>(19,004)</u>	<u>100</u>	<u>2,999</u>	<u>78</u>
Value Added	(19,004)	100	3,857	100
Value Added Statement				

The value-added statement represents the wealth created through the efforts of the Company and its employees, and the distribution of created wealth amongst various interest groups.

Financial summary

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
<u>Assets employed</u>					
Assets	55,440	55,440	50,000	50,000	50,000
Liabilities	(31,697)	(12,693)	(10,252)	(7,940)	(6,252)
	<u>23,743</u>	<u>42,747</u>	<u>39,748</u>	<u>42,060</u>	<u>43,748</u>
<u>Funds employed</u>					
Share capital	50,000	50,000	50,000	50,000	50,000
Retained earnings	(26,257)	(7,253)	(10,252)	(7,940)	(6,252)
Shareholders' funds	<u>23,743</u>	<u>42,747</u>	<u>39,748</u>	<u>42,060</u>	<u>43,748</u>
<u>Statement of profit or loss and other comprehensive income</u>					
Revenue	-	-	-	-	-
Profit (Loss) before taxation	(19,004)	2,999	(2,312)	(1,688)	(1,688)
Profit (Loss) after taxation	(19,004)	2,999	(2,312)	(1,688)	(1,688)
Total comprehensive profit (loss) for the year	<u>(19,004)</u>	<u>2,999</u>	<u>(2,312)</u>	<u>(1,688)</u>	<u>(1,688)</u>
Per share data:					
Profit/(Loss) per share (Naira)	<u>(0.38)</u>	<u>0.06</u>	<u>(0.05)</u>	<u>(0.03)</u>	<u>(0.03)</u>

Earnings per share is based on the Company's profit after taxation and on the number of ordinary shares issued and fully paid at the end of each financial period.