

**AIRTEL MOBILE COMMERCE SERVICES LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED**  
**31 DECEMBER 2023**

**CONTENTS****Page**

Company Information	2
Directors' Report	3 - 4
Statement of Directors' Responsibilities on the Financial Statements	5
Independent Auditors' Report	6 - 7
Financial Statements:	
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Change in Equity	10
Statement of Cash Flows	11
Notes to Financial Statements	12-24

**Airtel Mobile Commerce Services Limited  
Company Information**

---

**REGISTRATION NUMBER**

PVT- 9XUGGDZX

**DIRECTORS**

Cihan Amandine Seuleiman-Morgan  
Sidhanth Hota  
Daniel Kyama Kivuva

**REGISTERED OFFICE**

LR 209/11880, 4<sup>th</sup> Floor Parkside Towers  
Mombasa Road  
P.O. Box 962 – 00100  
Nairobi, Kenya

**COMPANY SECRETARY**

Scribe Services Secretaries  
P.O. Box 3085 – 00100  
Nairobi, Kenya

**AUDITORS**

Deloitte & Touche LLP  
Certified Public Accountants (Kenya)  
Deloitte Place, Waiyaki Way,  
Muthangari  
P.O. Box 40092 – 00100

**PRINCIPAL BANKERS**

Standard Chartered PLC  
P.O. Box 30003 – 00100  
Nairobi, Kenya

## Airtel Mobile Commerce Services Limited Directors' Report

The directors submit their report together with the audited financial statements for year ended 31 December 2023, which discloses the state of affairs of Airtel Mobile Commerce Services Limited, (the "Company").

The Company was incorporated as a limited private company on 24 March 2021 in Kenya, under the Companies Act, 2015 (Reg No. PVT- 9XUGGDZX) and is domiciled in Kenya.

The company is a subsidiary of Airtel Mobile Commerce B.V. ('the parent'), a company registered in Netherlands. Hence the Company is indirect subsidiary of Airtel Africa plc and consequently, is part of a larger group (Airtel Africa plc and its subsidiaries, referred to as "Airtel Africa Group").

In order to commensurate with the general practice and regulatory framework, the Company has changed the financial year end date from 31 March to 31 December in previous year. Therefore, financial statements for comparative period are presented for the nine-month period ended 31 December 2022.

### 1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of providing management support services to related parties.

### 2. RESULTS

The results for the year are set out on page 8.

	<b>01 January 2023 - 31 December 2023</b>	<b>01 April 2022 - 31 December 2022</b>
	<b>KSH '000</b>	<b>KSH '000</b>
<b>Loss before tax</b>	<b>(20,717)</b>	<b>(2,059)</b>
Tax (expense)/credit	(1,853)	359
<b>Loss for the year/period</b>	<b>(22,570)</b>	<b>(1,700)</b>

### 3. DIRECTORS

The directors who held office during the year are as listed below:

<b>Name</b>	<b>Nationality</b>	<b>Role</b>	<b>Date of appointment/ resignation</b>
Cihan Amandine Seuleiman-Morgan	French	Director	Appointed on 24th March 2021
Pier Alfonso Falcione	British	Director	Resigned on 31 <sup>st</sup> January 2024 (Appointed on 2nd June 2021)
Daniel Kyama Kivuva	Kenyan	Director	Appointed on 24th September 2022
Sidhanth Hota	Indian	Director	Appointed on 01 <sup>st</sup> February 2024

None of the directors have any shareholding interest in the Company. During the period, the Company did not pay any directors' fees.

### 4. GOVERNANCE

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

## **5. BUSINESS REVIEW**

The Company has improved its cash inflows and was able to repay its borrowing by KSH 396,699 thousand (while loan received during the year was KSH 165,214 thousand) by realizing its outstanding receivable during the year. This will help the Company to improve its financial KPIs by savings in interest and taxation expense in future period.

Further, the Company is committed to continue to serve with high quality management services to the related parties as a result the revenue got increased by 16% (revenue raised in year 2023 is KSH 178 Mn as compared to KSH 115 Mn for nine months in previous period) though the currency devaluations against USD was faced 25% (1USD= 154.37KSH as on 31 December 2023 as compared to 1USD= 123.40 KSH as on 31 December 2022) during the year.

## **6. DISCLOSURE OF INFORMATION TO AUDITORS**

Each director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **7. AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office in accordance provisions of section 719 (2) of the Kenyan Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

### **By order of the Board**

sd/-

**SCRIBE SERVICES SECRETARIES**  
**Nairobi, Kenya**

**Date: 17 July 2024**

**Airtel Mobile Commerce Services Limited**  
**Statement of Directors' Responsibilities Statement**

---

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintain proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position and profit or loss of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and error.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

These financial statements are prepared on going concern basis as the Directors believe that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. During the year, the company incurred a loss of KES 22,570 thousand for the year ended 31 December 2023 (loss of KES 1,700 thousand for 9 months ended 31 December 2022). As at 31 December 2023, the company had a net liability of KES 34,828 thousand (KES 12,258 thousand as at 31 December 2022). The company's strategy is to continue implement cost saving initiatives which include reducing the intercompany loan payable to the parent company to reduce finance costs and foreign currency losses. Based on cashflow projections and revolving loan facility with Airtel Mobile Commerce B.V. (parent company) (refer to note 14 of the financial statements), the Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its obligations as they fall due. Therefore, the financial statements have been prepared on a going concern basis.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 17 July 2024 and signed on its behalf by:

sd/-

Cihan Amandine Seuleiman-Morgan  
Director

sd/-

Sidhanth Hota  
Director

sd/-

Daniel Kyama Kivuva  
Director

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Airtel Mobile Commerce Services Limited (the "Company"), set out on pages 8 to 24, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 other ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### Other information

The Directors are responsible for the other information, which comprises the Report of the Directors as required by the Kenyan Companies Act, 2015. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accountants Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent Auditors' Report

---

### 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 based on these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

### Report on the other matters prescribed by the Kenyan Companies Act, 2015

In our opinion, the information given in the Report of the Directors on pages 3 to 4 is consistent with the financial statements.

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

CPA **Freda Mitambo**, Practising certificate No. **2174**.

sd/-

**For and on behalf of Deloitte & Touché LLP**  
**Certified Public Accountants (Kenya)**  
**Nairobi**

17 July 2024



**Airtel Mobile Commerce Services Limited****Statement of Profit or Loss and other Comprehensive Income for year ended 31 December 2023****(All amounts are in KSH thousands, unless stated otherwise)**

		<b>For the period</b>	<b>For the period</b>
	<b>Notes</b>	<b>01 January 2023 - 31 December 2023</b>	<b>01 April 2022 - 31 December 2022</b>
<b>Income</b>			
Revenue	<b>4</b>	178,401	115,576
<b>Total income</b>		<b>178,401</b>	<b>115,576</b>
<b>Expenses</b>			
Employee benefits expense	<b>5</b>	167,692	100,580
Other expenses	<b>6</b>	3,273	3,791
<b>Total expenses</b>		<b>170,965</b>	<b>104,371</b>
<b>Operating (loss)/profit</b>		<b>7,436</b>	<b>11,205</b>
Finance cost	<b>7</b>	(20,170)	(7,715)
Foregin exchange loss		(7,983)	(5,549)
<b>Loss before tax</b>		<b>(20,717)</b>	<b>(2,059)</b>
Tax (expense)/credit	<b>8</b>	(1,853)	359
<b>Loss for the year/period</b>		<b>(22,570)</b>	<b>(1,700)</b>
<b>Other comprehensive income for the year/period</b>		-	-
<b>Total comprehensive loss for the year/period</b>		<b>(22,570)</b>	<b>(1,700)</b>

**Airtel Mobile Commerce Services Limited**  
**Statement of Financial Position as on 31 December 2023**  
(All amounts are in KSH thousands, unless stated otherwise)

	Notes	As of 31 December 2023	As of 31 December 2022
<b>ASSETS</b>			
<b>Non current assets</b>			
Deferred tax asset	8(c)	13,486	6,752
<b>Current assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	9	24,695	31,224
Trade receivables	10	3,509	182,145
Other financial assets	11	10,040	7,489
<b>Non financial Assets</b>			
Other current assets	12	2,882	1,550
		<b>41,126</b>	<b>222,408</b>
<b>Total assets</b>		<b>54,612</b>	<b>229,160</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	50,725	212,773
		<b>50,725</b>	<b>212,773</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Other financial liabilities	15	1,248	800
<b>Non financial liabilities</b>			
Other current liabilities	16	35,949	21,452
Tax payable	8(b)	1,518	6,393
		<b>38,715</b>	<b>28,645</b>
<b>Total liabilities</b>		<b>89,440</b>	<b>241,418</b>
<b>Net assets</b>		<b>(34,828)</b>	<b>(12,258)</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	13	100	100
Other Equity		(34,928)	(12,358)
<b>Total Equity</b>		<b>(34,828)</b>	<b>(12,258)</b>

The financial statements on pages 8 to 24 were approved and authorized for issue by the Board of directors on 17 July 2024 and signed on its behalf by:

sd/-  
Cihan Amandine Seuleiman-Morgan  
Director

sd/-  
Sidhanth Hota  
Director

sd/-  
Daniel Kyama Kivuva  
Director

**Airtel Mobile Commerce Services Limited**  
**Statement of Changes in Equity for year ended 31 December 2023**  
 (All amounts are in KSH thousands, unless stated otherwise)

	Share Capital		Accumulated losses	Equity attributable to owners of the company
	No of shares	Amount		
Opening Balance as at 01 April 2022	1,000	100	(10,658)	(10,558)
Loss for the period	-	-	(1,700)	(1,700)
<b>As of 31 December 2022</b>	<b>1,000</b>	<b>100</b>	<b>(12,358)</b>	<b>(12,258)</b>
Opening Balance as at 01 January 2023	1,000	100	(12,358)	(12,258)
Loss for the year	-	-	(22,570)	(22,570)
<b>As of 31 December 2023</b>	<b>1,000</b>	<b>100</b>	<b>(34,928)</b>	<b>(34,828)</b>

**Airtel Mobile Commerce Services Limited**  
**Statement of Cash Flows for year ended 31 December 2023**  
**(All amounts are in KSH thousands, unless stated otherwise)**

Particulars	Note	01 January 2023 - 31 December 2023	01 April 2022 - 31 December 2022
<b>Cash flows from operating activities</b>			
Loss before tax		<b>(20,717)</b>	<b>(2,059)</b>
<b>Adjustments :</b>			
Finance cost	<b>7</b>	20,170	7,715
Foreign exchange loss		7,983	5,549
<b>Operating cash flow before changes in working capital</b>		<b>7,436</b>	<b>11,205</b>
<b>Changes in working capital</b>			
Decrease/(increase) in current assets	<b>10, 11 &amp; 12</b>	219,832	(122,346)
Increase in current liabilities	<b>15 &amp; 16</b>	14,944	9,263
<b>Net cash from operations before tax</b>		<b>242,212</b>	<b>(101,878)</b>
Income tax	<b>8</b>	(13,462)	(1,339)
<b>Net cash used in operating activities (a)</b>		<b>228,750</b>	<b>(103,217)</b>
<b>Cash flows from financing activities</b>			
Loan received	<b>14</b>	165,214	7,229
Loan repayment	<b>14</b>	(397,699)	-
Withholding tax payment on interest expense on behalf of	<b>14</b>	(3,026)	(1,086)
<b>Net cash generated from financing activities (b)</b>		<b>(235,511)</b>	<b>6,143</b>
<b>Net (decrease) in cash and cash equivalents during the period (a+b)</b>		<b>(6,761)</b>	<b>(97,074)</b>
Foreign exchange fluctuation gain on USD bank Account		232	4,000
Add : Cash and cash equivalents as at the beginning of the period		31,224	124,298
<b>Cash and cash equivalents as at the end of the period</b>		<b>24,695</b>	<b>31,224</b>

## **1. Corporate information**

The Company was incorporated as a limited private company on 24 March 2021 in Kenya, under the Companies Act, 2015 (Reg No. PVT- 9XUGDXZ) and is domiciled in Kenya. The Company has its registered office at Land Reference No 209/11880, Parkside Towers, 4th Floor, Mombasa Road, Nairobi, Kenya.

The activities of the Company are that of providing services to related parties and has its operation in Kenya.

The company is a subsidiary of Airtel Mobile Commerce B.V. ('the parent'), a company registered in Netherlands. Hence the Company is indirect subsidiary of Airtel Africa plc and consequently, is part of a larger group (Airtel Africa plc and its subsidiaries, referred to as "Airtel Africa Group").

## **2. Material accounting policies**

### **a. Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the IASB and the requirements of the Kenyan Companies Act, 2015.

For the purpose of reporting under the Kenyan Companies Act, 2015, the balance sheet in the financial statements is represented by the statement of financial position and the profit and loss statement is presented in the statement of Profit or Loss and other comprehensive income.

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

### **b. Basis of preparation**

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations of those standards as adopted by the International Accounting Standards Board.

The financial statements are reported in Kenya Shillings except when otherwise indicated. All values are rounded to the nearest thousands (KSH thousands) except when otherwise indicated. Further, amounts which are less than half a thousand are appearing as '0'.

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

### **c. Foreign currency transactions**

The financial statements are presented in Kenya Shillings which is also the Company's functional currency. Transactions in foreign currencies (other than functional currency) are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the Balance Sheet date. Foreign exchange differences on subsequent restatement/settlement are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### **d. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value).

## **e. Financial Instruments**

### **Recognition, classification and presentation**

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

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, the Company currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## **f. Statement of Cash flows**

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

## **g. Share capital**

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

## **h. Taxes**

The income tax expense comprises current and deferred income tax. Income tax is recognised in the profit and loss.

### **(i) Current tax**

Current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess/(shortfall) of the Company's income tax obligation for the period would be recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

Any interest relating to accrued liabilities for potential tax assessments would not be included in the Income tax charge or (credit) but would be recognised within finance costs.

### **(ii) Deferred tax**

Deferred tax would be recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred tax assets would be recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and tax credits can be utilised. The Company considers the projected future taxable income and tax planning strategies in making this assessment.

Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of taxable profits for the foreseeable future.

Deferred tax would be determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets and liabilities are offset against each other and the resultant net amount would be presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to setoff the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

#### **i. Employee benefits expense**

The Company's employee benefits mainly include salaries, bonuses and other related expense. The employee benefits are recognised in the year in which the associated services are rendered by the Company's employees. Short-term employee benefits are recognised in Statement of Profit and Loss at undiscounted amounts during the period in which the related services are rendered.

#### **j. Revenue**

Revenue is recognised when it is probable that the entity will receive the economic benefits associated with the transaction and the related revenue can be measured reliably. This is recognised at the fair value of the consideration received or receivable, which is generally the transaction price, net of any discounts. Revenue on account of management fees is recognised over the time the services are rendered.

#### **k. Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs which are not 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 expensed in the period they occur.

### **3. Application of new and revised International Financial Reporting Standards**

#### **3.1 New and revised Standards and Interpretations applied with no material effect on the financial statements**

No new IFRS issued during the year are applicable to the Company. Amendments to existing IFRSs have been applied by the Company as required, however, these amendments do not have any material impact on the Company's financial statements. The list of new IFRS and newly issued amendments is as follows:

- Amendments to IAS 12 in relation to Deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 1 in relation to Disclosure of Accounting Policies, including removal of certain immaterial policies.
- Amendments to IAS 8 in relation to Definition of Accounting Estimates.

#### **3.2 New and revised Standards in issue but not yet effective**

The following pronouncements issued by the IASB are relevant to the Company and effective for annual periods beginning on or after 1 January 2024. The Company's financial statements will be presented in accordance with these requirements, which are being evaluated but are not expected to have a material impact on the results, financial position or cash flows of the Company. These pronouncements have been issued by IASB, but are not yet effective:

- Amendments to IFRS 16 in relation to sale and leaseback accounting.
- Amendments to IAS 1 in relation to Classification of liabilities as current and non-current, and non-current liabilities with covenants.
- Amendments to IAS 7 and IFRS 7 in relation to Supplier finance arrangements

### **3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on the directors best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. However, there were no critical accounting judgments or key sources of estimation uncertainty that could have a significant effect on the amount recognised in the Company's financial statements.



**Airtel Mobile Commerce Services Limited****Notes to the Financial Statements****(All amounts are in KSH thousands, unless stated otherwise)****4. Revenue**

	<b>For the period</b> <b>01 January 2023 -</b> <b>31 December 2023</b>	<b>For the period</b> <b>01 April 2022 -</b> <b>31 December 2022</b>
Management fees <sup>1</sup>	178,401	115,576
	<b>178,401</b>	<b>115,576</b>

<sup>1</sup>refer note 17**5. Employee benefits expense**

	<b>For the period</b> <b>01 January 2023 -</b> <b>31 December 2023</b>	<b>For the period</b> <b>01 April 2022 -</b> <b>31 December 2022</b>
Salaries and bonuses	152,006	93,464
Social security contribution	7,062	4,694
Employee insurance	3,171	1,919
Others	5,453	503
	<b>167,692</b>	<b>100,580</b>

**6. Other expenses**

	<b>For the period</b> <b>01 January 2023 -</b> <b>31 December 2023</b>	<b>For the period</b> <b>01 April 2022 -</b> <b>31 December 2022</b>
Sales & marketing expense	1,475	-
Statutory audit fees	448	400
Bank charges	146	94
Legal and Professional Expenses	177	822
Travelling and Conveyance	1,027	2,415
Interest and Penalty on Income Tax	-	60
	<b>3,273</b>	<b>3,791</b>

**7. Finance costs**

	<b>For the period</b> <b>01 January 2023 -</b> <b>31 December 2023</b>	<b>For the period</b> <b>01 April 2022 -</b> <b>31 December 2022</b>
Interest on borrowing	20,170	7,715
	<b>20,170</b>	<b>7,715</b>

**Airtel Mobile Commerce Services Limited****Notes to the Financial Statements****(All amounts are in KSH thousands, unless stated otherwise)****8 (a). Tax expense**

	<u>For the period</u> <u>01 January 2023 -</u> <u>31 December 2023</u>	<u>For the period</u> <u>01 April 2022 -</u> <u>31 December 2022</u>
Current tax	8,587	6,393
Deferred tax	(6,734)	(6,752)
Tax expense/(credit) for the period	<u>1,853</u>	<u>(359)</u>
<b>Reconciliation</b>		
Loss before tax	(20,717)	(2,059)
Tax at 30%	(6,215)	(617)
<b>Tax effect of:</b>		
Expenses not deductible	8,068	3,144
Prior year overstatement in deferred taxes	-	(2,886)
Tax expense/(credit) for the period	<u>1,853</u>	<u>(359)</u>

**8 (b). Tax payable**

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Opening balance of tax payable	6,393	1,339
Tax charge during the year	8,587	6,393
Tax paid	(13,462)	(1,339)
Closing balance of tax payable	<u>1,518</u>	<u>6,393</u>

**8 (c). Deferred Tax**

Deferred income tax is calculated using the enacted tax rate of 30% (December 2022: 30%). The movement on the deferred income tax account is as follows:

	<u>As of</u>	
	<u>31 December 2023</u>	<u>31 December 2022</u>
Opening balance	6,752	2,886
Credit to profit or loss	6,734	3,866
<b>Closing balance at 31 December</b>	<u><b>13,486</b></u>	<u><b>6,752</b></u>

The net unrecognised deferred income tax asset and deferred income tax credit to profit or loss are attributable to the following items after multiplying by the tax rate of 30%:

	<u>31.12.2022</u>	<u>Movement</u>	<u>31.12.2023</u>
<b>Year ended 31 December</b>			
General provisions (bonus and other employee related provisions)	(16,959)	(14,464)	(31,423)
Realised foreign exchange gain	(5,548)	(6,047)	(11,595)
Unrealised foreign exchange losses (loans)	-	(1,936)	(1,936)
<b>Total timing differences recognised</b>	<u><b>(22,507)</b></u>	<u><b>(22,447)</b></u>	<u><b>(44,954)</b></u>

**Airtel Mobile Commerce Services Limited****Notes to the Financial Statements****(All amounts are in KSH thousands, unless stated otherwise)****9. Cash and cash equivalents**

	<b>As of</b>	<b>As of</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash at bank	24,695	31,224
	<b>24,695</b>	<b>31,224</b>

**10. Trade receivables**

	<b>As of</b>	<b>As of</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
Management fees receivables <sup>1</sup>	3,509	182,145
	<b>3,509</b>	<b>182,145</b>

<sup>1</sup>refer note 17**11. Other financial assets**

	<b>As of</b>	<b>As of</b>
	<b>31 December 2023</b>	<b>January 0, 1900</b>
Receivable from group company <sup>1</sup>	10,040	7,489
	<b>10,040</b>	<b>7,489</b>

<sup>1</sup>refer note 17**12. Other current assets**

	<b>As of</b>	<b>As of</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid expenses	1,769	-
Value Added Tax (VAT) recoverable	-	1,550
Advance to employees	1,113	-
	<b>2,882</b>	<b>1,550</b>

**13. Shareholder's equity**

	<b>As of</b>	<b>As of</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Authorised share capital</b>		
1,000 Ordinary shares of KES 100 each	100	100
<b>Issued and paid-up share capital</b>		
1,000 Ordinary shares of KES 100 each	100	100
	<b>100</b>	<b>100</b>

**a) Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of KES 100 per share. Each holder of ordinary shares is entitled to one vote per share.

**Airtel Mobile Commerce Services Limited****Notes to the Financial Statements**

(All amounts are in KSH thousands, unless stated otherwise)

**b) Details of shareholding**

		<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
	No of shares	Shareholding	Shareholding
<b>Equity Share of KES 100 each fully paid up</b>			
Airtel Mobile Commerce B.V.	1,000	100%	100%

**(ii) Other equity**

**Retained earnings/ Accumulated losses:** Represents the amount of accumulated profit or loss of the Company.

**14. Borrowings**

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Loan from Parent company (including accrued interest)	50,725	212,773
	<b>50,725</b>	<b>212,773</b>

The loan is unsecured and denominated in US Dollar. The interest thereon is charged based on 3 month SOFR+ 200 bps. Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31, 2026, unless agreed otherwise between borrower and lender in writing. The undrawn facility under this unsecured loan as on 31 December 2023 stands at KSH 734,225 thousand.

<b>Loan movement</b>	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Opening Balance	(212,773)	(184,949)
Loan taken	(165,214)	(7,229)
Interest expense	(20,170)	(7,715)
WHT on interest	3,026	1,086
Loan repaid	397,699	-
Revaluation foreign exchange loss	(53,293)	(13,966)
<b>Balance at 31 December</b>	<b>(50,725)</b>	<b>(212,773)</b>

**15. Other financial liabilities**

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Statutory audit accrual	828	800
Payable to group company <sup>1</sup>	420	-
	<b>1,248</b>	<b>800</b>

<sup>1</sup>refer note 17

**16. Other current liabilities**

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Bonus and other employee payable	31,141	17,943
Statutory liabilities	4,435	3,287
Other payable	373	222
	<b>35,949</b>	<b>21,452</b>

**Airtel Mobile Commerce Services Limited****Notes to the Financial Statements****(All amounts are in KSH thousands, unless stated otherwise)****17. Related party disclosure**

Related parties and transactions with them in the ordinary course of business are disclosed below:

<b>Entity Name</b>	<b>Relationship</b>		
Airtel Mobile Commerce B.V.	Parent company		
		<b>For the period ended</b>	<b>For the period ended</b>
		<b>01 January 2023 -</b>	<b>01 April 2022 -</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Transaction during the period</b>			
Loan taken		165,214	7,229
Repayment of loan		(397,699)	-
Withholding tax on interest		(3,026)	(1,086)
Interest expenses on loan		20,170	7,715
Management Fee		178,401	115,576
<b>Total</b>		<b>(36,940)</b>	<b>129,434</b>
		<b>As of</b>	<b>As of</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance at the end of the period</b>			
Loan payable		48,308	209,666
Interest payable		2,417	3,107
Management fees receivable		(3,509)	(182,145)
<b>Amount payable (net)</b>		<b>47,216</b>	<b>30,628</b>
<b>Entity Name</b>	<b>Relationship</b>		
Bharti Airtel (International) Netherlands B.V.	Intermediate parent company		
		<b>For the period ended</b>	<b>For the period ended</b>
		<b>01 January 2023 -</b>	<b>01 April 2022 -</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Transaction during the period</b>			
Payment made on behalf of related party		-	(7,489)
Payment made by related party on behalf of the Company		831	-
Foregin exchange loss/(gain)		(3,382)	-
<b>Total</b>		<b>(2,551)</b>	<b>(7,489)</b>
		<b>As of</b>	<b>As of</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance at the end of the period</b>			
Receivable from related party		(10,040)	(7,489)
<b>Total receivable</b>		<b>(10,040)</b>	<b>(7,489)</b>
<b>Entity Name</b>	<b>Relationship</b>		
Airtel Networks Kenya Limited	Fellow subsidiary company		
		<b>For the period ended</b>	<b>For the period ended</b>
		<b>01 January 2023 -</b>	<b>01 April 2022 -</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Transaction during the period</b>			
Payment made by related party on behalf of the Company		420	-
<b>Total</b>		<b>420</b>	<b>-</b>

## Airtel Mobile Commerce Services Limited

### Notes to the Financial Statements

(All amounts are in KSH thousands, unless stated otherwise)

Entity Name	Relationship	
	As of 31 December 2023	As of 31 December 2022
Airtel Networks Kenya Limited	Fellow subsidiary company	
<b>Balance at the end of the period</b>		
Amount payable	420	-
<b>Total payable</b>	<b>420</b>	<b>-</b>

## 18. Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

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

### Market Risk

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

#### i. Foreign Exchange Risk

Foreign exchange risk arises from future investment transactions on recognized assets and liabilities. Asset and Liabilities denominated in foreign currency as on reporting date:

Particulars	As of	
	31 December 2023	31 December 2022
<b>Liabilities</b>		
Borrowings	50,725	212,773
<b>Assets</b>		
Bank Account	9,798	21,816
Revenue receivables	3,509	182,145
<b>Net Position (liabilities)</b>	<b>37,418</b>	<b>8,812</b>

At 31 December 2023, if the KSHs had weakened/strengthened by 5% against the US dollar with all other variables held constant, post tax loss for the period would have been KShs 1,871 thousands lower/higher (31 December 2022: KShs 441 thousands lower/higher), mainly as a result of US dollar denominated borrowings, bank balance, and receivables. There would be no impact on equity.

#### ii. Interest Rate Risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The Company's only variable interest bearing financial liabilities are its external borrowings of USD 323 thousands which are set at variable rates, and it is therefore exposed to cash flow interest rate risk. At 31 December 2023, an increase/decrease of 100 basis points would have resulted in a decrease/increase in pre-tax profit of KShs 2,730 thousands (31 December 2022: KShs 1,342 thousands).

## Airtel Mobile Commerce Services Limited

### Notes to the Financial Statements

(All amounts are in KSH thousands, unless stated otherwise)

#### iii. Credit Risk

Credit risk arises from cash and deposits with banks and financial institutions. The Company has no significant concentrations of credit risk. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk by credit risk rating grade:

<b>31 December 2023</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net amount</b>
Cash and cash equivalent	24,695	-	24,695
Trade receivables and other financial asset	13,549	-	13,549
	<b>38,244</b>	<b>-</b>	<b>38,244</b>

  

<b>31 December 2022</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net amount</b>
Cash and cash equivalent	31,224	-	31,224
Other financial asset	189,634	-	189,634
	<b>220,858</b>	<b>-</b>	<b>220,858</b>

Bank balances are not restricted and include deposits held with banks that have high credit ratings. Bank balances are thus considered investment grade. Impairment loss on the bank balances is therefore not material.

The Cash and Cash equivalents are carried at gross amount – amortized cost. The loss allowance on cash and cash equivalents, if recognized, would pass through the profit and loss account. The current liquid assets have been recognized as the principal amount receivable from the Banks excluding any interest.

#### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations from its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscovered payments:

<b>31 December 2023</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Total</b>
<b>Liabilities</b>				
Borrowings	-	-	50,725	50,725
Other financial liabilities	1,248	-	-	1,248
<b>Total financial liabilities</b>	<b>1,248</b>	<b>-</b>	<b>50,725</b>	<b>51,973</b>

  

<b>31 December 2022</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Total</b>
<b>Liabilities</b>				
Borrowings	-	-	212,773	212,773
Other financial liabilities	800	-	-	800
<b>Total financial liabilities</b>	<b>800</b>	<b>-</b>	<b>212,773</b>	<b>213,573</b>

#### Capital Risk Management

Capital includes equity attributable to the equity holders of the Company. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

## Airtel Mobile Commerce Services Limited

### Notes to the Financial Statements

(All amounts are in KSH thousands, unless stated otherwise)

#### 19. Fair Value of financial assets and liabilities

Set out below are the carrying amounts and fair values of the financial instruments that are carried in the financial statements.

##### 31 December 2023

	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and cash equivalent	24,695	24,695
Other financial asset	13,549	13,549
	<b>38,244</b>	<b>38,244</b>
<b>Financial liabilities</b>		
Borrowings	50,725	50,725
Other financial liabilities	1,248	1,248
	<b>51,973</b>	<b>51,973</b>

##### 31 December 2022

	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and cash equivalent	31,224	31,224
Other financial asset	189,634	189,634
	<b>220,858</b>	<b>220,858</b>
<b>Financial liabilities</b>		
Borrowings	212,773	212,773
Other financial liabilities	800	800
	<b>213,573</b>	<b>213,573</b>

#### 20. Going Concern Assessment

These financial statements are prepared on going concern basis as the Directors believe that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. During the year, the company incurred a loss of KES 22,570 thousand for the year ended 31 December 2023 (loss of KES 1,700 thousand for 9 months ended 31 December 2022). As at 31 December 2023, the company had a net liability of KES 34,828 thousand (KES 12,258 thousand as at 31 December 2022). The company's strategy is to continue implement cost saving initiatives which include reducing the intercompany loan payable to the parent company to reduce finance costs and foreign currency losses. Based on cashflow projections and revolving loan facility with Airtel Mobile Commerce B.V. (parent company) (refer to note 14 of the financial statements), the Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its obligations as they fall due. Therefore, the financial statements have been prepared on a going concern basis.

#### 21. Operations

The directors have put in place internal controls systems which include instituting measures to ensure adequate accounting records are maintained.



## **Airtel Mobile Commerce Services Limited**

### **Notes to the Financial Statements**

**(All amounts are in KSH thousands, unless stated otherwise)**

---

#### **22. Commitments and Contingencies**

- i. Capital commitments: There were no capital commitments entered into by the Company as at the reporting date.
- ii. Legal claims: There were no known legal cases against the Company as at the reporting date.

#### **23. Comparative figure**

In order to commensurate with the general practice and regulatory framework, the Company has changed the financial year end date from 31 March to 31 December in previous year. Therefore, financial statements for comparative period are presented for the nine-month period ended 31 December 2022. Accordingly, the comparative figures are not strictly comparable

#### **24. Incorporation**

The Company is incorporated and domiciled in Kenya under the Kenyan Companies Act. The parent company is Airtel Mobile Commerce B.V. which is incorporated in Netherlands.

#### **25. Events after the reporting date**

There are no material events after the reporting date that would require adjustment to or disclosure in these financial statements.