

AIRTEL MONEY KENYA LIMITED
ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2023

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Airtel Money Kenya Limited
Annual Report and Financial statements 2023
Company Information
(All amounts are in KSH'000, unless stated otherwise)

DIRECTORS

Ms. Rose Mambo*
Mr. Neeraj Jain**
Mr. Japhet Kinyua Aritho *
Ms. Anne Kinuthia Otieno*

* Kenyan

**Indian

REGISTERED OFFICE

LR No. 209/11880
Parkside Towers, Mombasa Road
P.O. Box 73146 - 00200
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
P.O. Box 40092 – 00100
NAIROBI, KENYA

PRINCIPAL BANKERS

Standard Chartered Bank Kenya PLC
P.O. Box 30003 – 00100
NAIROBI, KENYA

Equity Bank Kenya PLC
Equity Centre, Hospital Road, Upper Hill
P.O. Box 75104 – 00200
NAIROBI, KENYA

Kenya Commercial Bank PLC
Kencom House, 6th Floor, Wing B
P.O. Box 48400 – 00100
NAIROBI, KENYA

Cooperative Bank Kenya PLC
CIC Plaza, Upper Hill
P.O. Box 48231 – 00100
NAIROBI, KENYA

Airtel Money Kenya Limited
Annual Report and Financial statements 2023
Directors' Report
(All amounts are in KSH'000, unless stated otherwise)

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

The Company was incorporated as a limited private company on 29 June 2020 in Kenya, under the Companies Act, 2015 (Reg No.PVT-JZU77XQ). It is domiciled in Kenya and is a subsidiary of Airtel Africa Plc.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry out business as a payment service provider. The company officially started operations on 1st July 2022 following its separation from the core telecommunication business, Airtel Networks Kenya Limited.

2. FINANCIAL RESULTS

The results for the period are set out on page 9.

	For the year ended 31 Dec 2023	For the year ended 31 Dec 2022
Profit before tax	140,689	16,940
Income Tax Expense	(45,521)	(8,618)
Profit after tax	95,168	8,322

3. DIRECTORS

The directors who held office during the period and to the date of this report are as listed below:

Name	Nationality	Role	Date of appointment/resignation
Ms. Rose Mambo	Kenyan	Director	Appointed on 25 th March 2022
Mr. Neeraj Jain	Indian	Director	Appointed on 25 th March 2022
Mr. Japhet Kinyua Aritho	Kenyan	Director	Appointed on 29 th June 2020
Ms. Anne Kinuthia Otieno*	Kenyan	Director	Appointed on 16 th November 2021

* Executive

None of the Directors have any interest in the Company's shareholding. Details of directors' fees paid during the period are captured in Note 9.

4. GOVERNANCE

The Board of Directors consists of four 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

Airtel Money Kenya Limited has continued to experience steady growth in business performance and especially led by the growth in the key drivers which are distribution and growth in customer base.

The number of multi brand agents grew by about 30% with the Airtel Money exclusive channels growing by 45% and 20% respectively.

Customer base growth has experienced healthy growth in the year ending 31st December 2023. The company has continued to invest in new product development, a robust and stable system and interoperability partnerships with banks as well as other mobile money service providers. We were pleased to have partnered with the government in supporting the implementation of Hustler Fund which was a key government initiative to deepen financial inclusion amongst Kenyan citizens. Airtel Money continues to support the government in its digital agenda through enabling payment of government services through the e-citizen platform.

For the year 2024, we target double-digit growth in customer base and agent network.

We sincerely thank our customers, government bodies, regulators, business partners and employees for their unwavering support this year and look forward to an even better and stronger working relation in the coming 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 having expressed their willingness, continue in office in accordance with the 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



SCRIBE SERVICES SECRETARIES
Nairobi, Kenya

26.....March.....2024

Airtel Money Kenya Limited
Annual Report and Financial statements 2023
Statement of Directors' Responsibilities on the Financial Statements

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the financial position of the company as at the end of the financial period and of its profit or loss for that period. It also requires the Directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position 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 International Financial Reporting Standards and in the manner required by 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 judgments that are reasonable in the circumstances.

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 26 March 2024 and signed on its behalf by:



Rose Mambo
Mar 23, 2024 6:18 AM EAT

Rose Mambo
Director



Anne Kinuthia Otieno
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRTEL MONEY KENYA LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Airtel Money Kenya limited ("the company"), set out on pages 9 to 30, 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 period then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards 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 the ethical requirements that are relevant to our audit of the financial statements in Kenya. 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. The other information comprises the Report Directors as required by the Kenya 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 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, 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.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MONEY KENYA LIMITED**

Report on the audit of the Financial Statements (Continued)

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 and the requirements of the Kenya Companies Act, 2015, 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 judgment and maintain professional skepticism throughout the audit. We also:

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MONEY KENYA LIMITED**

Report on the audit of the Financial Statements (Continued)

Report on Other matters prescribed by the Kenya Companies Act, 2015.

In our opinion, the information given in the Directors Report 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 - Practicing certificate No. 2174.

Freda Mitambo

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

26 March
.....2024


Airtel Money Kenya Limited
Annual Report and Financial statements 2023
Statement of profit or loss and other Comprehensive Income
(All amounts are in KSH'000, unless stated otherwise)

	Notes	For the year ended 31-Dec-23	For the year ended 31-Dec-22
Income			
Revenue	5	481,585	196,503
Other income	6	13,994	11,046
		495,579	207,549
Expenses			
Commission, sales and marketing expenses	7	208,143	84,795
Employee benefits expense	8	103,470	49,692
Other operating expenses	9	88,423	37,545
Depreciation and amortization	10	131,826	58,808
		531,862	230,840
Operating Loss		(36,283)	(23,291)
Finance cost	11	7,461	3,229
Finance income	11	(184,433)	(43,460)
Profit before tax		140,689	16,940
Current tax	12	61,390	19,303
Deferred tax credit	13	(15,869)	(10,685)
Total tax expense		45,521	8,618
Profit for the period		95,168	8,322
Other Comprehensive income for the year		-	-
Total comprehensive Profit for the year		95,168	8,322
Profit before tax (as presented above)		140,689	16,940
Add: Exceptional items (net)		-	-
Underlying profit before tax		140,689	16,940
Profit after tax (as presented above)		95,168	8,322
Add: Exceptional items (net)		-	-
Underlying profit after tax		95,168	8,322


Airtel Money Kenya Limited
Annual Report and Financial statements 2023
Statement of Financial Position
(All amounts are in KSH'000, unless stated otherwise)

	Notes	As of	
		31-Dec-23	31-Dec-22
Assets			
Non-current assets			
Property plant and equipment	14	430,490	377,666
Capital work-in-progress	14	12,537	21,437
Intangible assets	15	32,537	45,778
Financial assets			
Deferred tax asset	13	26,553	10,685
Investment in subsidiaries	25	40,000	-
		542,117	455,566
Current assets			
Financial assets			
Cash and cash equivalents	16	805,043	1,154,924
Trade and other receivables	17	239,768	397,868
Other current assets	18	60,348	73,429
		1,105,159	1,626,221
Total assets		1,647,276	2,081,787
Non-current liabilities			
Financial Liabilities			
Other Non-current liabilities	21	134,288	92,644
		134,288	92,644
Current liabilities			
Financial Liabilities			
Trade and other payables	19	365,272	929,507
Other current liabilities	20	11,650	21,580
Income tax payable	12	7,808	4,966
		384,730	956,053
Total liabilities		519,018	1,048,697
Net Assets		1,128,258	1,033,090
Equity			
Ordinary share capital	22	1,025,000	1,025,000
Retained earnings		103,258	8,090
Equity attributable to owners of the company		1,128,258	1,033,090
Total equity		1,128,258	1,033,090

The financial statements on pages 9 to 30 were approved and authorized for issue by the Board of directors on 26 March 2024 and signed on its behalf by:


Rose Mambo
Mar 23, 2024 6:18 AM EAT

Rose Mambo
Director



Anne Kinuthia Otieno
Director

Airtel Money Kenya Limited
Annual Report and Financial statements 2023
Statement of Changes in Equity
(All amounts are in KSH'000, unless stated otherwise)

Equity attributable to owners of the company

	Ordinary Share capital KShs'000	Retained Earnings KShs'000	Total KShs'000
As at 1 January 2022	5,000	(232)	4,768
Issue of shares	1,020,000	-	1,020,000
Total comprehensive income for the year	-	8,322	8,322
Balance as at 31 December 2022	1,025,000	8,090	1,033,090
Total comprehensive income for the year	-	95,168	95,168
As at 31 December 2023	1,025,000	103,258	1,128,258

Further explanations on the components of equity are available in Note 22.

Airtel Money Kenya Limited
Annual Report and Financial statements 2023
Statement of Cash Flows
(All amounts are in KSH'000, unless stated otherwise)

	Notes	For the year ended	
		31 Dec 2023	31 Dec 2022
Cash flows from operating activities			
Profit before taxation		140,689	16,940
Adjustments for:-			
Depreciation and amortization	10	131,826	58,808
Finance income	11	(184,433)	(43,460)
Operating cash flow before changes in working capital		88,082	32,288
Changes in working capital			
Decrease/(increase) in trade and other receivables	17	158,100	(397,868)
Decrease/(increase) in other assets	11,18,25	121,635	(37,834)
(Decrease)/increase in trade payables	19	(564,235)	929,461
Increase in other liabilities	20,21	31,715	114,224
Net cash (used in)/generated from operations before tax		(164,703)	640,271
Income taxes paid	12	(58,548)	(14,337)
Net cash (used in)/generated from operating activities (a)		(223,251)	625,934
Cash flows from investing activities			
Purchase of property, plant and equipment and capital work-in-progress	14	(152,381)	(446,211)
Purchase of intangible assets	15	(10,128)	(57,478)
Interest received	11	35,879	7,865
Net cash used in investing activities (b)		(126,630)	(495,824)
Cash flows from financing activities			
Proceeds from issuance of share capital	22	-	1,020,000
Net cash generated from financing activities (c)		-	1,020,000
(Decrease)/Increase in cash and cash equivalents (a+b+c)		(349,881)	1,150,110
Cash and cash equivalents as at beginning of the year	16	1,154,924	4,814
Cash and cash equivalents as at end of the year	16	805,043	1,154,924

1. CORPORATE INFORMATION

Airtel Money Kenya Limited (the "company") is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability company and is domiciled in Kenya. The address of the registered office is:

LR No. 209/1180
Parkside Towers, Mombasa
Road
P.O. Box 73146-00200 City
Square
Nairobi

The parent company of this operation is Airtel Mobile Commerce Kenya B.V. (Incorporated in Netherlands). The principal activity of the Company is to carry out business as a payment service provider. The company started operations on 1st July 2022 following its separation from Airtel Networks Kenya Limited.

2. MATERIAL ACCOUNTING POLICES

2.1 Basis of preparation

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 Comprehensive Income.

The financial statements are reported in Kenya Shillings except when otherwise indicated.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price at the measurement date at which an asset can be sold or the price paid to transfer a liability in an orderly transaction between market participants.

The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities either measured or disclosed at fair value in the financial statements using a three level fair-value hierarchy (which reflects the significance of inputs used in the measurement of fair value). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The three levels of the fair-value-hierarchy are described below:

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

2. MATERIAL ACCOUNTING POLICES (continued)

2.3 Foreign currency transactions

a. Functional and presentation currency

The items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates (i.e. 'functional currency'). The financial statements are presented in Kenya Shillings, which is also the functional, and presentation currency of the company.

b. Transactions and balances

Transactions in foreign currencies are initially recorded in Kenya Shillings at the rates 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 reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the Statement of Comprehensive Income within finance costs/finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – with the resulting foreign exchange difference, on subsequent re-statement/settlement, recognised in the profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

The equity items denominated in foreign currencies are translated at historical exchange rate.

2.4 Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification.

All assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Derivatives designated in hedging relationship are classified based on the hedged item and the host contract respectively.

2.5 Property, plant and equipment ('PPE') and capital work-in-progress

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the company and its cost can be measured reliably. PPE is initially recognised at cost.

The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Further, it includes assets installed on the premises of customers as the associated risks, rewards and control remain with the company.

2. MATERIAL ACCOUNTING POLICES (continued)

2.5 Property, plant and equipment ('PPE') and capital work-in-progress (continued)

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item of PPE is recognised.

The expenditures that are incurred after an item of PPE has been put to use, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life. The company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Computer equipment	3 - 5
Furniture, fixtures and office equipment	1 - 5
Licenses	3 - 5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/or depreciation method are accounted prospectively, and accordingly, the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed of are de-recognised from the statement of financial position and the resulting gains/(losses) are included in the consolidated statement of comprehensive income within other expenses/other income.

PPE in the course of construction is carried at cost, less any accumulated impairment and presented separately as capital work-in-progress ('CWIP') including capital advances in the statement of financial position until capitalised. Such cost comprises of purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost.

2.6 Intangible assets

Identifiable intangible assets are recognised when the company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets are recognised at cost. These assets having a definite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

The company has established the estimated useful lives of different categories of intangible assets as follows:

- **Software**

Software are amortised over the period of the license, generally not exceeding three years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Intangible assets (continued)

- **Licences**

Acquired licenses are amortised commencing from the date when the related software is available for intended use. The useful lives range from two to fifteen years.

2.7 Impairment of non-financial assets

(a) Property, plant and equipment, Intangible assets and intangible assets under development

At each reporting period date, the company reviews the carrying amounts of its PPE, CWIP and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets under development are tested for impairment, at-least annually or earlier, in case circumstances indicate that it may be impaired.

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the CGU level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of comprehensive income is measured by the amount by which the carrying value of the asset/CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

(b) Reversal of impairment losses

Impairment losses, other than goodwill, are reversed in the statement of comprehensive income and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset/CGU in previous years.

2.8 Financial Instruments

a. 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.

1. Initial measurement

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. All financial liabilities are recognized at fair value. Other transaction costs are expensed as incurred in the Statement of Comprehensive Income.

2. MATERIAL ACCOUNTING POLICES (continued)

2.8 Financial Instruments (continued)

b. Measurement - Non-derivative financial instruments

II. Subsequent measurement - financial assets

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

- **Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate ('EIR') method (if the impact of discounting/any transaction costs is significant). Interest income from these financial assets is included in finance income.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

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

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('FVTOCI') are measured at FVTPL.

Impairment

The company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. 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, 12 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.

III. Subsequent measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant).

Derecognition

Financial liabilities are derecognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the Statement of comprehensive income.

2.9 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognized in the same or a different period, outside profit or loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognized accordingly.

2. MATERIAL ACCOUNTING POLICES (continued)

2.9 Taxes (Continued)

a. 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 in the country. The payment made in excess/(shortfall) of the respective income tax obligation for the respective periods are recognized in the statement of financial position under income tax assets/income tax liabilities, respectively. Any interest, related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit), but are rather recognized within finance costs.

A provision is recognized 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. 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. Please also refer changes in accounting policies and disclosures under note 3.

b. Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Further, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill.

Deferred tax assets are 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 utilized. Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associate - unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets, recognised and unrecognized, are reviewed at each reporting date and assessed for recoverability based on best estimates of future taxable profits. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, (a) the company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand (balances held in wallets), 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).

2.11 Share capital/Share premium

Ordinary shares are classified as equity when the company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the company and there is no contractual obligation whatsoever to that effect. Share premium account is used to record the premium on issue of shares.

2. MATERIAL ACCOUNTING POLICES (continued)

2.12 Employee benefits

The company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, other long term benefits including compensated absences and share-based payments. The employee benefits are recognised in the year in which the associated services are rendered by the employees. Short-term employee benefits are recognised in Statement of comprehensive income at undiscounted amounts during the period in which the related services are rendered.

2.13 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 will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

2.14 Revenue

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the company has received or expects to receive in exchange of those products or services, net of any taxes/duties and discounts. When determining the consideration to which the company is entitled for providing promised products or services via intermediaries, the company assesses whether the intermediary is a principal or agent in the onward sale to the end customer. To the extent that the intermediary is considered a principal, the consideration to which the company is entitled is determined to be that received from the intermediary. To the extent that the intermediary is considered an agent, the consideration to which the company is entitled is determined to be the amount received from the customer; the upfront discount provided to the intermediary is recognised as Commission Sales and Marketing expense.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

- **Service revenue**

As part of the mobile money services, the company earns commission from merchants for facilitating recharges, bill payments and other merchant payments. It also earns commissions on transfer of monies from one customer wallet to another. Such commissions are recognised as revenue at a point in time on fulfilment of these services by the company.

- **Loan service revenue**

This constitutes the revenue share earned by the company for offering an alternate channel to lending partners.

2.15 Operating profit

Operating profit is stated as revenue less operating expenditure including depreciation and amortization and operating exceptional items. Operating profit excludes finance income, finance costs and non-operating income.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 New and amended Standards that are effective for the current period

No new IFRS issued during the year is applicable to the company. Amendments to existing IFRS have been applied by the Company as required, however, these amendments do not have any material impact on the Company's financial statements.

Newly issued amendments include;

- 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'
- Amendments to IAS 12 in relation to 'Pillar Two Model rules.'
- Amendments to IAS 8 in relation to 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 are effective for periods 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 cashflows of the Company.

- 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.'
- Amendments to IAS 21 in relation to 'Lack of exchangeability.'

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4. 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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued')

(i) 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.

(ii) Foreign Exchange Risk

Foreign exchange risk arises from future investment transactions on recognized assets and liabilities. The company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. All gains or losses on changes in currency exchange rates are accounted for in the statement of comprehensive income.

	31-Dec-23	31-Dec-22
Assets in foreign currencies		
Cash and cash equivalents	424,820	142,977
Trade receivables	2,304	-
Total Assets	427,124	142,977
Liabilities in foreign currencies		
Trade and other payables	12,098	5,612
Total Liabilities	12,098	5,612
Net foreign currency Asset	415,026	137,366
Sensitivity Analysis of 5%	20,751	6,868

(iii) 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. However, the company is not exposed to this risk as it currently has no borrowings.

(iv) 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:

As at 31 Dec 2023

Particulars	Gross carrying amount	Loss allowance	Net amount
Trade and other receivables	239,768	-	239,768
	239,768	-	239,768

As at 31 Dec 2022

Particulars	Gross carrying amount	Loss allowance	Net amount
Trade and other receivables	397,869	-	397,869
	397,869	-	397,869

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vi) Credit Risk (Continued)

Trade receivables are typically non-interest bearing unsecured and derived from sales made to many independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

Based on the industry practices and the business environment in which the company operates, management considers trade receivables are credit impaired if the payments are more than 90 days past due. In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

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.

The following table details the risk profile of trade receivables based on the company's provision matrix:

Particulars	Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total
Trade Receivable as of 31 Dec 2023	19,531	-	-	-	19,531
Trade Receivable as of 31 Dec 2022	3,648	-	-	-	3,648

(v) 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 undiscounted payments:

	Less than 1 year	Between 1 and 2 years	More than 2 Years	Totals
At 31 December 2023:				
Liabilities				
Accrued expenses	80,856	-	-	80,856
Trade and other payables	296,069	-	-	296,069
Total financial liabilities (contractual maturity dates)	376,925	-	-	376,925
At 31 December 2022:				
Liabilities				
Accrued expenses	76,869	-	-	76,869
Trade and other payables	874,217	-	-	874,217
Total financial liabilities (contractual maturity dates)	951,086	-	-	951,086

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vi) Capital 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.

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. The Financial assets and financial liabilities are short term in nature so cost or carrying amount approximates the fair value.

	Carrying amount As of 31 Dec 2023	Fair value As of 31 Dec 2023	Carrying amount As of 31 Dec 2022	Fair value As of 31 Dec 2022
Financial Assets				
Trade Receivables	19,531	19,531	3,648	3,648
Other receivables	299	299	1,198	1,198
Due from related parties	219,938	219,938	393,022	393,022
Cash and cash equivalents	805,043	805,043	1,154,924	1,154,924
Total financial assets	1,044,810	1,044,810	1,552,792	1,552,792
Financial Liabilities				
Trade and other payables	17,690	17,690	24,429	24,429
Accrued Expenses	80,856	80,856	76,869	76,869
Amounts due to related parties	278,379	278,379	849,788	849,788
Total financial liabilities	376,925	376,925	951,086	951,086

5. REVENUE

	For the year ended	
	2023	2022
Commission on recharges and collection	369,521	148,954
Money transfer	88,794	42,211
Bill and merchant payments	17,501	4,623
Corporate bulk payments	2,294	715
Other service revenue	3,475	-
	481,585	196,503

6. OTHER INCOME

	For the year ended	
	2023	2022
Loan service revenue	13,976	10,710
Other income	17	336
	13,994	11,046

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7. COMMISSION, SALES AND MARKETING EXPENSES

	For the year ended	
	2023	2022
Advertisement & marketing expenses	82,941	38,166
Commission expense	77,650	28,912
Business promotion	36,122	15,936
Interoperability charges	11,430	1,782
	208,143	84,795

8. EMPLOYEE BENEFITS EXPENSE

	For the year ended	
	2023	2022
Salaries & bonuses	80,190	37,619
Allowances	10,109	4,922
Staff welfare expenses	7,943	4,533
Contribution to labour funds	4,209	2,155
Recruitment & training	1,020	463
	103,470	49,692

9. OTHER OPERATING EXPENSES

	For the year ended	
	2023	2022
Administration expenses	8,171	11,926
Repair & maintenance	6,805	2,461
Legal & professional charges*	28,800	10,021
Customer service expenses	9,400	5,344
License fees	500	60
Billing & software expenses	29,951	7,241
Directors' fees	2,842	492
Rates, fees and taxes	1,954	-
	88,423	37,545

*Includes statutory audit fee of Kes1.26m and Ksh 1.18m as on 31 Dec 2023 and 2022 respectively.

10. DEPRECIATION AND AMORTISATION

	For the year ended	
	2023	2022
Depreciation	108,457	47,108
Amortization	23,369	11,700
	131,826	58,808

11. FINANCE COST AND INCOME

Finance cost

	For the year ended	
	2023	2022
Bank charges	7,461	3,229
	7,461	3,229

Finance income

	2023	2022
Interest income - FDs	35,879	7,865
Foreign Exchange gain	148,554	35,595
	184,433	43,460

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12. TAX EXPENSE

The tax on the company's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	For the year ended	
	31-Dec-23	31-Dec-22
Profit before income tax	140,689	16,940
Tax calculated at the statutory income tax rate of 30%	42,206	5,082
Net tax effect of:		
Expenses not deductible	3,315	3,606
Items for which no deferred tax asset was recognized	-	(70)
Income tax expense	45,521	8,618
Income tax payable		
	As of	
	31-Dec-23	31-Dec-22
Opening income tax payable	4,966	-
Income tax expense	61,390	19,303
Tax paid	(58,548)	(14,337)
Income tax payable at year end	7,808	4,966

13. DEFERRED TAX

	As of	
	31 Dec 2023	31 Dec 2022
Property, plant and equipment	83,712	30,130
Provision for bonus	7,490	5,485
Unrealized exchange loss	(2,691)	-
Total timing differences	88,511	35,615
Net deferred income tax asset	26,553	10,685

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

	As of	
	31 Dec 2023	31 Dec 2022
At start of year	10,685	70
Items for which no deferred tax asset is recognized	-	(70)
Movement for the year	15,869	10,685
Deferred tax asset as at year end	26,553	10,685

*At the start of 2022, deferred tax asset of Kshs'000. 70 was unrecognized.

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14. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Computers	Furniture & fittings	TOTAL	Capital work in progress
Gross Carrying Value					
At January 1, 2022	-	-	-	-	-
Additions	250	3,392	421,132	424,774	21,437
At December 31, 2022	250	3,392	421,132	424,774	21,437
Additions	-	14,855	146,426	161,281	(8,900)
At December 31, 2023	250	18,248	567,558	586,056	12,537
Accumulated Depreciation					
At January 1, 2022	-	-	-	-	-
Charge for the year	25	972	46,111	47,108	-
At December 31, 2022	25	972	46,111	47,108	-
Charge for the year	62	3,103	105,292	108,457	-
At December 31, 2023	87	4,076	151,403	155,566	-
Net carrying value					
At December 31, 2022	225	2,420	375,022	377,666	21,437
At December 31, 2023	163	14,172	416,155	430,490	12,537

15. INTANGIBLE ASSETS

	License	Total
Gross Carrying Value		
At January 1, 2022	-	-
Additions	57,478	57,478
At December 31, 2022	57,478	57,478
Additions	10,128	10,128
At December 31, 2023	67,606	67,606
Accumulated Depreciation		
At January 1, 2022	-	-
Charge for the year	11,700	11,700
At December 31, 2022	11,700	11,700
Charge for the year	23,369	23,369
At December 31, 2023	35,069	35,069
NET CARRYING VALUE:		
At December 31, 2022	45,778	45,778
At December 31, 2023	32,537	32,537

16. CASH AND CASH EQUIVALENTS

	As of	
	31-Dec-23	31-Dec-22
Balance held in wallets	329,876	361,251
Bank Balance	82,692	176,672
Fixed Deposits	392,475	617,000
	805,043	1,154,924

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17. TRADE AND OTHER RECEIVABLES

	As of	
	31-Dec-23	31-Dec-22
Interest accrued on investments	5,673	1,502
Unbilled revenue	13,858	2,147
Other receivables	299	1,198
Amounts due from related parties	219,938	393,022
	239,768	397,869

18. OTHER CURRENT ASSETS

	As of	
	31-Dec-23	31-Dec-22
Prepaid expenses	8,948	948
Input VAT	45,910	70,589
WHT receivable	744	1,892
Reverse VAT	3,954	-
Employee receivables	793	-
	60,348	73,429

19. TRADE AND OTHER PAYABLES

	As of	
	31-Dec-23	31-Dec-22
Trade payables	6,036	2,850
Accrued expenses	80,856	76,869
Amounts due to related parties	278,379	849,788
	365,272	929,507

20. OTHER CURRENT LIABILITIES

	As of	
	31-Dec-23	31-Dec-22
Other taxes payable	10,856	20,125
Contribution to labour funds	798	1,455
	11,654	21,580

21. OTHER NON-CURRENT LIABILITIES

	As of	
	31-Dec-23	31-Dec-22
Security deposits	134,288	92,644
	134,288	92,644

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22. SHARE CAPITAL

Ordinary share capital

The shareholding of the Company as of 31 December 2023 is as stated below: -

	Number of shares	Par value KShs'000	Ordinary Shares KShs'000
At 31 January 2023	1,025,000	1,000	1,025,000
At 31 December 2023	1,025,000	1,000	1,025,000
At 1 January 2022	5000	1000	5,000
Issue of shares	1,020,000	1000	1,020,000
At 31 December 2022	1,025,000	1,000	1,025,000

23. RELATED PARTY TRANSACTIONS

Below is a summary of balances with related parties:

(i) Receivable from related parties (Note 17)

	As of		
	31-Dec-23	31-Dec-22	Relationship
Airtel Networks Kenya Limited	126,829	148,720	Fellow subsidiary
Airtel Money Transfer Limited	90,805	244,302	Subsidiary
Airtel Mobile commerce Kenya B.V	2,304	-	Parent Company
	219,938	393,022	

(ii) Payable to related parties (Note 19)

	As of		
	31-Dec-23	31-Dec-22	Relationship
Airtel Networks Kenya Limited	266,717	638,907	Fellow subsidiary
Airtel Mobile Commerce B.V	11,023	4,733	Immediate parent
Airtel Money Transfer Limited	633	206,142	Subsidiary
Airtel Mobile commerce Kenya B.V	6	6	Parent Company
	278,379	849,788	

24. INVESTMENT IN SUBSIDIARY

	Country of incorporation	Principal business	Additional investment	As of	
				31-Dec-23	31-Dec-22
Airtel Money Transfer Limited 100% owned	Kenya	International mobile money transfer	-	40,000	-

Airtel Money Transfer Limited started operations in March 2019.

24. INVESTMENT IN SUBSIDIARY

In June 2023, the 4 million shares of this company were transferred from Airtel Networks Kenya Limited and Bharti Airtel Africa B.V to Airtel Money Kenya Limited.

The company has 100% shareholding in Airtel Money Transfer Limited which has been incorporated in Kenya.

The financial statements of Airtel Money Transfer Limited have been prepared separately.

Preparation of Separate financial statements and Group financial statements

Exemption from preparation of consolidated financial statements (IFRS10)

The company meets the conditions for exemption from preparation of consolidated financial statements as per IFRS 10, Para 4 which stipulates that an entity that is a parent shall present consolidated financial statements. This IFRS applies to all entities, except as follows:

- (a) a parent need not present consolidated financial statements if it meets all the following conditions:
- It is a wholly owned subsidiary or is a partially owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements.
 - Its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets).
 - It did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
 - Its ultimate or any intermediate parent produces financial statements that are available for public use and comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with this IFRS.

Accordingly, the company has utilized these exemptions available to it in preparation of separate financial statements. The company holds investment in its sole subsidiary Airtel Money Transfer Limited which is accounted for at cost as indicated above.

Exemption for company included in group financial statement of larger Group (Companies Act, 2015)

The company is also exempt from preparing consolidated financial statements as per section 640(1) of the Kenyan Companies Act, 2015.

Paragraph 640 of this Act stipulates that;

1. A company that is itself a subsidiary undertaking is exempt from the requirement to prepare a group financial statement in the following cases
 - a. If the company is a wholly owned subsidiary of that parent undertaking.
 - b. If that parent undertaking holds more than fifty percent of the allotted shares of the company and notice requesting the preparation of a group financial statement has not been served on the company by shareholders holding in total;
 - (i) more than half of the remaining allotted shares in the company; or
 - (ii) five percent or more of the total allotted shares in the company.

24. INVESTMENT IN SUBSIDIARY (Continued)

Preparation of Separate financial statements (continued)

2. Such a notice is not effective unless it is served not later than six months after the end of the financial year before that to which it relates.

The company also complies with all the conditions of exception stated under section 640 (3) of the company's Act, 2015.

The financial information of the subsidiary is included in the consolidated financial statements of Airtel Africa PLC (United Kingdom) which are prepared in accordance with the IFRSs.

Airtel Africa PLC is a company registered in the United Kingdom and its principal place of business is Africa, with their financial statements available to the public at their physical address and on the Company's website in the United Kingdom [https://airtel.africa/assets/pdf/annual-report/Airtel Africa Annual Report FY 2022 2023.pdf](https://airtel.africa/assets/pdf/annual-report/Airtel%20Africa%20Annual%20Report%20FY%202022%202023.pdf)

25. COMPARATIVES

The company was successfully separated from Airtel Networks Kenya Limited (ANKL) effective 1 July 2022.

Where necessary, comparative figures of 2022 have been reclassified to conform to changes in presentation in the current year.

26. COMMITMENTS AND CONTINGENCIES

(i) Capital commitments

The capital expenditure contracted as at the reporting date is as follows;

	As of	
	2023	2022
Capital commitments		
Authorized and contracted for, due within 1 year	150,073	101,208

(ii) Legal claims

There were no known legal cases against the company as at the reporting date.

27. 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.