AIRTEL NETWORKS KENYA LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2023

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DIRECTORS

Mr. Daddy Mukadi**
Mr. Alok Bafna***
Mr. Louis Otieno*
Mr. Ashish Malhotra***
Mr. Apoorva Mehrotra ***

*Kenyan
**Congolese
***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

LAWYERS
Acorn Law LLP formerly Ojiambo & Co Advocates
P.O. Box 1021 - 00100
NAIROBI, KENYA

Majanja Luseno & Co Advocates
P.O. Box 74580 - 00200
NAIROBI, KENYA

Hamilton Harris & Mathews
P. O Box 30333-00100
NAIROBI, KENYA

Kaplan & Stratton Advocates
P.O. Box 40111 - 00100
NAIROBI, KENYA

Ngatia & Associates Advocates
P.O Box 56688-00200
NAIROBI, KENYA

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

PRINCIPAL BANKERS

NCBA Bank Kenya PLC
P.O. Box 44286 – 00100
NAIROBI, KENYA

KCB Bank (Kenya) Limited
Kencom House, 6th Floor, Wing B
P.O. Box 48400 – 00100
NAIROBI, KENYA

Standard Chartered Bank Kenya Limited
48 Westlands Road, Chiromo
P.O. Box 30003 – 00100
NAIROBI, KENYA

ABSA Bank Kenya PLC
P.O. Box 46661 – 00100
NAIROBI, KENYA

Citibank, N.A. Kenya Branch
Citibank House, Upper Hill Road
P.O. Box 30711 – 00100
NAIROBI, KENYA

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

Stanbic Bank Kenya Limited
Stanbic Bank Centre, Chiromo
P.O. Box 30550 – 00100
NAIROBI, KENYA

I&M Bank Kenya Limited
1Park Avenue |1st Floor | 1st Parklands Avenue
P. O. Box 30238 – 00100
Nairobi Kenya

The directors submit their report together with the audited annual financial statements for the year ended 31 December 2023, which disclose the state of affairs of the company.

1. PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of GSM mobile telecommunications network services in Kenya.

2. RESULTS

The results for the year are set out in page 9.

	For the year ended	
	31-Dec-23	**31-Dec-22**
Income	50,716	40,085
Loss before tax	(5,831)	(897)
Tax Credit	5,188	10,130
(Loss)/Income after tax	**(643)**	**9,233**

3. DIVIDEND

The directors do not recommend payment of a dividend in the year. (2022: Nil).

4. RESERVES

The reserves for the company are set out on page 11.

5. DIRECTORS

The directors who held office during the year and to the date of this report are as follows.

Name	Designation	Date of Appointment
Mr. Louis Otieno	Board Chairman	16th February 2022
Mr. Ashish Malhotra	Managing Director	30th June 2022
Mr. Apoorva Mehrotra	Director	14th October 2022
Mr. Daddy Mukadi	Director	5th December 2016
Mr. Alok Bafna	Director	1st April 2017

6. HEALTH AND SAFETY

The Company has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

7. AUDITORS

Deloitte & Touche LLP, having expressed their willingness, 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.

8. Business Review and outlook

Airtel Kenya wishes to express deep gratitude to our customers for embracing our products and services, the support received from all stakeholders is deeply appreciated.

We have been at the forefront of the rapid growth of mobile services in the country in recent years – but there is still much further to go in order to meet demand. We aim to meet it by connecting more people, offering transparent voice and data products that meet their needs, and expanding our physical and digital distribution networks so that more customers can access our services effectively and affordably. Our customer base grew by 11.5% to 17.6 million in 2023, and revenues grew by 27%.

As part of macroeconomic conditions prevailing in the country; Inflation in fuel and food prices meant that many customers became even more price conscious. We've always taken the approach of seeking revenue from increased usage, rather than prices, so we continued to offer 'more for more'.

Success in mobile services is built on the strength of our network and the excellence of distribution. We continue to invest in our network in 2023, significantly expanding our network, modernising many of our sites, and launching 5G in readiness for future demand.

Airtel Kenya has been featured amongst Top 10 most loved brands by Women in the country.

Over the next twelve months we will continue to focus on core fundamentals which are built on providing superior customer experience and bringing out other innovative solutions and products.

We take this opportunity to sincerely thank our valued stakeholders Customers, Ministry of Information Communication & Technology, Regulator, Our business partners and employees for their unstinted support during the year.

9. 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.

By Order of the Board

26th March 2024

SCRIBE SERVICES SECRETARIES

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 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 other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with 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 judgements that are reasonable in the circumstances.

The directors acknowledge that the continued existence of the company as a going concern depends on the outcome of various strategic measures that the directors continue to pursue to return the company to profitability and the continued financial support from the company's bankers. The directors are of the view that the strategic turn-around measures that have been put in place which ensures the company's solvency and will enable it to trade profitably in a sustainable manner. On this basis, directors deem it appropriate to prepare financial statements 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 ....22 March...... 2024 and signed on its behalf by:

Louis Otieno
Mar 26, 2024 3:17 PM EAT

Ashish Malhotra
Director

Louis Otieno
Director

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL NETWORKS KENYA LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Airtel Networks Kenya Limited, ("the Company"), set out on pages 9 to 52, 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 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 year 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 Directors' Report as required by the Kenya Companies Act, 2015. The other information does not include the financial statements and our auditors' 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 NETWORKS 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL NETWORKS KENYA LIMITED (Continued)

Report on other matters prescribed by the Kenya Companies Act, 2015

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.

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 - Practicing certificate No. 2174.**

Freda Mitambo

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

26 March **2024**

Statement of Profit or Loss and Other Comprehensive Income

(All amounts are in KSH 'Mn, unless stated otherwise)

	Notes	For the year ended 31 Dec 2023	31 Dec 2022
Income			
Revenue	6	50,421	39,821
Other income		295	264
		50,716	**40,085**
Expenses			
Network operating expenses	7	10,298	8,197
Access charges	8	5,176	5,513
License fee / spectrum usage charges		3,489	3,072
Employee benefits expenses	9	2,434	2,098
Sales and Marketing expenses	10	6,053	4,322
Provision for impairment losses	22	(91)	(149)
Other expenses	11	2,338	1,049
Depreciation and amortization	12	10,158	7,885
		39,855	**31,987**
Operating profit before finance cost/income and exchange losses		**10,861**	**8,098**
Finance costs	13 (i)	(6,581)	(4,149)
Finance income	13 (ii)	-	20
Foreign exchange loss	13 (iii)	(10,111)	(4,866)
Loss before tax		**(5,831)**	**(897)**
Deferred tax Income	15	5,188	10,093
Tax Credit	15	-	37
Total Tax Credit		**5,188**	**10,130**
(Loss)/gain for the year		**(643)**	**9,233**
Other comprehensive income for the year		**-**	**-**
Total comprehensive (loss)/income for the year		**(643)**	**9,233**

Loss before tax (as presented above)	**(5,831)**	**(897)**
Add: Exceptional items (net)	-	-
Underlying loss before tax	**(5,831)**	**(897)**

(Loss)/gain after tax (as presented above)	**(643)**	**9,233**
Add: Exceptional items (net) (Note 35)	(4,305)	(10,093)
Underlying loss after tax	**(4,948)**	**(860)**

Statement of Financial Position

(All amounts are in KSH 'Mn, unless stated otherwise)

	Notes	As at 31 Dec 2023	As at 31 Dec 2022
Assets			
Non-current assets			
Property Plant and Equipment	**16**	27,820	23,934
Capital work-in-progress	**16**	1,551	1,287
Right of use asset	**18**	24,635	18,428
Intangible assets	**17**	7,156	8,216
Intangible assets under development	**17**	15	-
Investment in subsidiary	**33(ii)**	-	40
Deferred Tax Asset	**20**	15,281	10,093
Other non-current assets	**33(iii)**	944	896
		77,402	**62,894**
Current assets			
Inventories	**21**	316	208
Derivative financial asset	**19(i)**	123	-
Income tax recoverable	**14**	335	328
Trade and Other receivables	**22**	4,155	3,863
Other Current Assets	**33(iii)**	5,827	3,952
Cash and cash equivalents	**23**	353	499
		11,109	**8,850**
Total assets		**88,511**	**71,744**
Equity and Liabilities			
Equity			
Share capital	**24**	401	401
Accumulated Losses		(4,825)	(4,182)
		(4,424)	**(3,781)**
Non-current liabilities			
Borrowings	**27**	18,367	3,702
Lease liabilities	**26(i)**	23,453	17,205
Other Non-current liabilities	**34**	393	926
Provisions	**29**	81	79
Shareholders' loan	**25**	3,895	4,726
		46,189	**26,638**
Current liabilities			
Borrowings	**27**	24,167	29,540
Lease liabilities	**26(i)**	6,340	4,051
Derivative Financial Liability	**19(ii)**	13	59
Trade and other payables	**28**	11,526	10,759
Deferred revenue	**34**	1,922	1,490
Other Current Liabilities	**34**	2,595	2,609
Provisions	**29**	183	379
		46,746	**48,887**
Total liabilities		**92,935**	**75,525**
Total Equity and Liabilities		**88,511**	**71,744**

The financial statements on pages 9 to 52 were approved and authorised for issue by the Board of directors on ....22.March..2024 and signed on its behalf by:

AMalhotra

Louis Otieno
Mar 26, 2024 3:17 PM EAT

Director
Ashish Malhotra

Director
Louis Otieno

Statement of Changes in Equity

(All amounts are in KSH 'Mn, unless stated otherwise)

	Ordinary Share capital	Preference share capital	Share premium – Ordinary shares	Share premium – Redeemable preference shares	Accumulated losses	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Year ended 31 December 2022						
As at 1 January 2022	3,350	22,612	3,407	4,259	(81,241)	(47,613)
Conversion of loan to Equity	6,449	28,214	-	-	-	34,663
Netting off with losses	(9,398)	(50,826)	(3,407)	(4,259)	67,890	-
Stamp Duty on Issuance of shares	-	-	-	-	(64)	(64)
Total comprehensive profit for the year	-	-	-	-	9,233	9,233
Balance as at 31 December 2022	**401**	**-**	**-**	**-**	**(4,182)**	**(3,781)**
Year ended 31 December 2023						
As at 1 January 2023	401	-	-	-	(4,182)	(3,781)
Total comprehensive loss for the year	-	-	-	-	(643)	(643)
Balance as at 31 December 2023	**401**	**-**	**-**	**-**	**(4,825)**	**(4,424)**

Further explanations on the components of equity are in Note 24.

Statement of Cash Flows

(All amounts are in KSH 'Mn, unless stated otherwise)

	Notes	For the year ended 31-Dec-23	31-Dec-22
Cash flows from operating activities			
Loss before tax		**(5,831)**	**(897)**
Adjustments for -			
Depreciation and amortization	12	10,158	7,885
Finance cost	13 (i)	6,581	4,149
Finance Income	13 (ii)	-	(20)
Foreign Exchange Loss	13 (iii)	8,816	4,130
Provision for impairment losses	22	(91)	(149)
Movement in Derivates	19	(169)	46
Other adjustments*		(57)	(55)
Operating cash flows before changes in working capital		**19,407**	**15,089**
Changes in working capital			
Increase in trade and other receivables		(200)	(1,422)
Increase in inventories		(108)	(192)
Increase in trade and other payables		767	2,000
Decrease in provisions		(194)	(3)
Decrease in other current and non-current liabilities		(547)	(1,143)
Increase in Deferred Revenue		432	53
Increase in other current and non-current assets		(1,923)	(743)
Net cash generated from operations before tax		**17,634**	**13,639**
Income taxes paid	14	(7)	(9)
Net cash generated from operating activities (a)		**17,627**	**13,630**
Cash flows from investing activities			
Purchase of property, plant and equipment and capital work-in-progress	16	(9,334)	(8,536)
Proceeds from Sale of Assets		-	314
Purchase of intangible assets	17	(15)	(5,867)
Interest received	13 (ii)	-	20
Proceeds from sale of investment in subsidiary	33(ii)	40	-
Net cash used in investing activities (b)		**(9,309)**	**(14,069)**
Cash flows from financing activities			
Proceeds from borrowings	27	28,957	20,159
Repayment of borrowings	27	(24,968)	(13,123)
Repayment of lease liabilities	26	(7,145)	(5,080)
Interest and other finance charges paid	13 (i)	(4,510)	(1,888)
Proceeds from Shareholder's Loan	25	12,870	-
Repayment of Shareholder's Loan	25	(15,532)	(1,170)
Net cash used in financing activities (c)		**(10,328)**	**(1,102)**
Decrease in cash and cash equivalents during the period (a+b+c)		(2,010)	(1,541)
Cash and cash equivalents as at beginning of the period		(1,996)	(455)
Cash and cash equivalents as at end of the period (Note 23)		**(4,006)**	**(1,996)**

*2023 - Pertains to Lease Liability written back & 2022 - mainly pertains to Stamp duty on Share Issuance adjusted against Equity

1. CORPORATE INFORMATON

Airtel Networks 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, City Square 00200,
Nairobi.

The immediate holding company is Bharti Airtel Kenya B.V., a company incorporated in Netherlands. The step up parent company is Airtel Africa PLC., a company incorporated in England and Wales and Bharti Airtel Limited, a company incorporated in India. The principal activity of the company is the provision of a public GSM mobile telecommunications network and mobile financial services in Kenya.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis. In making going concern assessment, the company has considered cash flow projections over the next twelve months, taking into consideration its principal risks and uncertainties.

In the year ended 31 December 2023, company has made a loss after Tax of KShs 643 million and loss before tax KSHs 5.83 billion (2022: Profit after Tax Kshs 9.23 billion and Loss before Tax Ksh 897 Million). As at that date, company has accumulated losses of Kshs 4.82 Bn (2022: Kshs 4.18 Bn) and the Company is in a net liability position of Kshs 4.42 Bn (2022: Kshs 3.78 Bn) and its current liabilities exceeded its current assets by Kshs 35.64 Bn (2022: Kshs 40.04 Bn).

The company continues to display strong business performance. During the year, revenue has grown by 27% (2022 : 22%). The underlying revenue growth is an outcome of two factors, 12% growth in customer base and 17% growth Average Revenue Per user. The Average Revenue Per User grew due to increased consumption of voice and data by our users. Over the last three years 1500+ new base stations have been built to improve customer experience and coverage across the country. The expansion of our network and ample data network capacity helped us to grow both the data customer base and data usage. Accordingly, Data revenue grew by 40% in 2023. Further, the company launched 5G service in Jul'2023 to meet the increasing of data.

Over the next twelve months, the company will continue investing in network expansion and modernization. Data plans form a major role in growing the revenue. Data plans including 5G are being revamped in order to meet the growing demand.

It may be noted that net Liability position includes Shareholder's loan of Ksh 3.9 Bn (2023: Kshs 4.7 Bn). After considering shareholder loan which falls due for repayment in Dec'26 and external committed facilities, management is comfortable that there is sufficient liquidity to manage the operations over the course of next twelve months.

During the year, the company was adversely affected due to devaluation of Kenya Shilling against US Dollar. To minimize the exposure, the company has proactively converted major portion of the USD loans to Kenya Shilling Loans.

From Feb'24, there is strong recovery in Kenya Shilling Performance. Currency has appreciated by approximately 20% from its peak which will ease the inflationary pressure including fuel and electricity prices.

2. GOING CONCERN (Continued)

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

a) Will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on management achieving operational targets on subscriber numbers, churn rate and average revenue per user;

b) Will continue to obtain funding from lenders whenever required.

c) A thorough review of the budgetary and forecasting process to ensure that appropriate assumptions have been considered in developing the Company's forecast.

d) Consideration of the timing and uncertainty of the cash flows to reflect the underlying maturity of the liabilities and assets.

e) Consideration of the Company's financial adaptability.

f) Review of possible exposures to contingent liabilities

The directors are confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 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 paid to transfer a liability, in an orderly transaction between market participants. The company's accounting policies require, measurement of certain financial/non-financial assets and liabilities at fair value (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed.

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). Accordingly, the company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

Going Concern

Based on this assessment of the Directors made on Note no. 2 above the company continues to adopt going concern basis of accounting in preparing the financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2 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.

3.3 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.

3.4 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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

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.

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 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
Leasehold improvement	Period of lease or 10 -20 years, as applicable, whichever is less
Buildings	20
Plant and equipment	
- Network equipment (including passive infrastructure)	3 - 25
Computer equipment	3 - 5
Furniture & fixture and Office equipment	1 - 5
Vehicles	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 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.

3.5 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.5 Intangible assets (continued)

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.

- **Licences (including spectrum)**

  Acquired licenses and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction. The useful lives range from two to fifteen years.

  In addition, the company incurs a fee on licenses/spectrum that is calculated based on the revenue amount of the period or as per the actual usage. Such revenue-share based fee is recognised as a cost in the statement of comprehensive income when incurred.

- **Other acquired intangible assets**

  Other acquired intangible assets include the following:

  YU Brand & Customer Base - On 21 December 2014, the company acquired YU brand and customer base. YU brand and Customer base were recognised at their cost as at 21 December 2014 and are being amortised over a period of 2 years and 4 years respectively starting 21 December 2014. These are fully amortised as at 31 December 2017 with the YU customer base being subjected to accelerated amortisation in 2017.

  The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

  The useful lives and amortisation method are reviewed, and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and/or amortisation method is accounted prospectively, and accordingly, the amortisation is calculated over the remaining revised useful life.

3.6 Impairment of non-financial assets

a. Property, plant and equipment, Right-of-use assets, Intangible assets and intangible assets under development

At each reporting period date, the company reviews the carrying amounts of its PPE, right-of-use assets, 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.6 Impairment of non-financial assets (Continued)

a. Property, plant and equipment, Right-of-use assets, Intangible assets and intangible assets under development (Continued)

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 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.

3.7 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 business model for managing the financial assets and the contractual terms of the cash flows.

The company has classified all non-derivative financial liabilities as measured at amortised cost.

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.

b. Measurement - Non-derivative financial instruments

I. 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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Statement of Comprehensive Income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.7 Financial instruments (continued)

b. Measurement - Non-derivative financial instruments (continued)

II. Subsequent measurement - financial assets

The subsequent measurement of non-derivative 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. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

  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).

a. Measurement - derivative financial instruments

Derivative financial instruments are classified as financial instruments at fair value through profit or loss. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in profit or loss within finance income/finance costs. The company uses certain derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.7 Financial instruments (Continued)

b. Measurement - Non-derivative financial instruments (Continued)

III. Subsequent measurement - financial liabilities (Continued)

c. 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 consolidated statement of comprehensive income.

3.8 Leases

At inception of a contract, the company assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether the contract involves the use of an identified asset, the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the company has the right to direct the use of the asset.

a. company as a lessee

The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index ('CPI'), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments including due to changes in CPI or if the company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs. Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain re measurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.8 Leases (Continued)

a. company as a lessee (continued)

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. Company as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

When a contract includes lease and non-lease components, the company applies IFRS 15 to allocate the consideration under the contract to each component.

The company enters into 'Indefeasible right to use' ('IRU') arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.9 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 recognised 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 recognised accordingly.

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 recognised 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 recognised within finance costs.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable or based on expected value approach, as applicable. 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.

b. Deferred tax

Deferred tax is recognised, 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 recognised 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 utilised. 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 unrecognised, 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 realised 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.10 Inventories

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing it to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable costs necessary to make the sale.

3.11 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). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are integral part of the company's cash management is also included as a component of cash and cash equivalents.

3.12 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.

3.13 Employee benefits

The company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, other long term benefits including compensated absences. 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. Details of long term employee benefits are provided below:

- **Defined contribution plans**

  The contributions to defined contribution plans are recognised in profit or loss as and when the services are rendered by employees. The company has no further obligations under these plans beyond its periodic contributions.

- **Other long-term employee benefits**

  The employees of the company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

  The company provides for the liability (presented under provisions) towards the said benefits on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

  The company's top executives are usually entitled to long term incentives. This is a long term incentive whereby the executives are entitled to an extra bonus once the company achieves the set performance targets and the executive has served over the set number of years. The liability is usually accrued for on a monthly basis but subject to continuous review between accrued amounts and the target incentive.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.14 Provisions

a. General

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 recognised within finance costs.

b. Provision for legal, tax and regulatory matters

The company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the company. Management, in consultation with the legal, tax and other advisers, assess the likelihood that a pending claim will succeed. The company recognises a provision in cases where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations arising from such claims.

c. Asset Retirement Obligation ('ARO')

ARO are recognised for those lease arrangements where the company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

3.15 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised unless virtually certain and disclosed only where an inflow of economic benefits is probable.

3.16 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 a cost of sale.

The company has entered into certain multiple-element revenue arrangements, which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.16 Revenue (Continue)

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their relative standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the company sells equipment and network services separately. 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**

  Service revenue is derived from the provision of telecommunication services and mobile money services to customers. The majority of the customers of the company subscribe to the services on a pre-paid basis.

  Telecommunication service revenues mainly pertain to usage, subscription charges for voice, data, messaging and value added services and customer on boarding charges, which include activation charges.

  Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

  Customers pay in advance for services of the company, these cash amounts are recognised in deferred income on the statement of financial position and transferred to the statement of comprehensive income when the service obligation has been performed/when the usage of services becomes remote.

  The company recognises revenue from these services over time as they are provided. Revenue is recognised over time based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided.

  Subscription charges are recognised over the subscription pack validity period. Customer on boarding revenue is recognised upon successful on boarding of customers i.e. upfront.

  Revenues recognised in excess of amounts invoiced are classified as unbilled revenue. If amounts invoiced/collected from a customer are in excess of revenue recognised, a deferred revenue/advance income is recognised.

  Service revenues also includes revenue from interconnection/roaming charges for usage of the company's network by other operators for voice, data, messaging and signalling services. These are recognised upon transfer of control of services being transferred over time.

  Revenues from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements.

  The company has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each other's network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the company's network i.e. the service is rendered.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.16 Revenue (continued)

- **Service revenue (continued)**

  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. From 1st Jul'2022, mobile money business has been carved out to a separate legal entity.

- **Costs to obtain or fulfil a contract with a customer**

  Company has estimated that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and has changed its policy on cost deferral recognition in these financial statements. Accordingly, the company has deferred such costs over expected average customer life - for more details refer note 33 (iv).

- **Equipment sales**

  Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer i.e. transferred at a point in time.

3.17 Borrowing costs

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

3.18 Operating profit

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

3.19 Dividends

Dividend to shareholders of the company is recognised as a liability and deducted from equity, in the year in which the dividends are approved by the shareholders. Interim dividends are deducted from the retained earnings when they are paid. Currently the company has paid no dividend to its shareholders.

3.20 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The estimates and judgements used in the preparation of these financial statements are continuously evaluated by the company, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the company believes to be reasonable under the existing circumstances. These estimates and judgements are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the year in which they become known.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.20 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

- **Uncertain tax treatments**

  Uncertainties exist with respect to the interpretation of complex tax regulations. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The company establishes provisions/contingencies, based on reasonable estimates, for potential consequences of matters which are subject to audits by the tax authorities of the respective countries in which it operates as well as where the probability of acceptability of such matters by tax authorities is in doubt. The amount of such provisions/contingencies is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority, which may be subject to a material change within the next financial year. For details on provisions and contingencies, refer to notes 29 and 30 respectively.

- **Deferred tax assets**

  Deferred tax assets are recognised by the company, for the unused tax losses and temporary differences for which there is probability of utilisation against the taxable profit. Uncertainties exist in determination of amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

- **Useful lives of PPE**

  As described at 3.6 above, the company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful live of PPE and therefore the depreciation charges. Refer note no. 16.

- **Contingent liabilities and provisions**

  The company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the company. Management in consultation with the legal, tax and other advisers to assess the likelihood that a pending claim will succeed. The company has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable. However, given the nature of these matters, there may be a risk of a material change within the next financial year. For further detail on provisions & contingencies, refer to notes 29 and 30 respectively. The critical judgements, which the management has made in the process of applying the accounting policies and have the most significant impact on the amounts recognised in the financial statements, are discussed below:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.20 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

- **Determining the incremental borrowing rate for lease contracts**

  The company has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available, the company has used judgement in determining the IBR by taking into consideration risk free borrowing rate based on USD bonds and adjusting it for country and company specific risk premiums.

- **Separating lease and non-lease components**

  The consideration paid by the company in telecommunication towers lease contracts include the use of land, passive infrastructure as well as maintenance, security etc. services. Therefore, in determining the allocation of consideration between lease and non-lease components, for the additional services that are not separately priced, the company performs detailed analysis of cost split to arrive at relative stand-alone prices of each of the components.

- **Determining the lease term**

  Under IFRS 16 if it is reasonably certain that a lease will be extended, the company is required to estimate the expected lease period in excess of the current contractual terms. The company has various lease agreements with a right to extend /renew wherein it considers the nature of the contractual terms and economic factors to determine. The company has used judgement in determining the lease period considering such factors and the lease liability has been calculated using the remaining contractual lease period for all of such lease contracts.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

4.1 New and amended Standards that are effective for the current year:

No new IFRS issued during the year is 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 newly issued amendments is as follows:

- Amendments to IAS 12 in relation to 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 relation to 'Pillar Two Model rules.
- Amendments to IAS 8 in relation to Accounting Estimates

4.2 New accounting pronouncements to be adopted on or after 1 January 2024

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has liabilities in the form of borrowings, guarantees, trade and other payables as well as receivables in the form of loan and other receivables, trade and other receivables, and cash and deposits, these arise as a part of the business activities and operations of the company.

The company's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and interest rates and changes in market prices of the company's products. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. Further, the company uses certain derivative financial instruments to mitigate some of these risk exposures.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk - currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The company may use derivative financial instruments such as foreign exchange forward contracts to manage its exposures to foreign exchange fluctuations and interest rates.

The sensitivity of the relevant Statement of Comprehensive Income item (i.e. Profit/ loss before tax and other comprehensive income/ loss) is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 Dec 2023 and 2022.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company transacts business in U.S. dollars with parties of other countries and strategic vendor purchases are in U.S. dollars. The company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The company may use foreign exchange forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the primary host contract requirement and risk management strategy of the company. The company manages its foreign currency risk by hedging a certain proportion of its foreign currency exposure, as approved by Board as per established risk management policy or higher as considered appropriate and whenever necessary.

Unmatured Forward Contracts as on 31 December 2023: USD 45.50 Mn (2022: USD 32.50 Mn).

The company manages foreign exchange risk by converting its foreign currency balances into local currency on an on-going basis to cater for its operational requirements.

The sensitivity analysis has been prepared on the basis that the trade receivables, payables and borrowings and the proportion of financial instruments in foreign currencies are all constant.

The assumption in calculation of the sensitivity analysis is that the sensitivity of the relevant statement of profit or loss is the effect of the assumed changes in the respective market risk, the sensitivity of equity is calculated by considering the effects of the assumed changes of the underlying risks.

At 31 December 2023, if the KShs. had weakened/strengthened by 5% against the US dollar with all other variables held constant, post tax profit for the period would have been KShs 1.63 billion (2022: KShs 2.13 billion) lower/higher, mainly because of US dollar denominated trade receivables, payables, bank balances and borrowings. There would be no impact on equity.

The balances in foreign currencies at year end were as follows:

	As of	
Assets in foreign currencies	**31 Dec 2023**	**31 Dec 2022**
Trade and other receivables	3,113	2,381
Bank balances	(29)	107
	3,084	**2,488**
Liabilities in foreign currencies		
Trade and other payables	5,121	6,897
Shareholder's loan	3,895	4,726
Borrowings	6,280	19,127
Lease Liabilities	20,489	14,305
	35,785	**45,055**
Net foreign currency liability	**(32,701)**	**(42,567)**

In computing the percentage change in exchange rates, management has taken into consideration the direction of the published rates movement in the functional currency against the major foreign transactional currencies over the last two years.

ii) Price risk

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's debt interest obligations with floating interest rates. The company limits interest rate risk by monitoring changes in interest rates in the currencies in which loans are denominated.

The company's only variable interest bearing financial liabilities are its external borrowings of KShs 42.53 Billion (2022: KShs 33.24 Billion) which are set at variable rates, and it is therefore exposed to cash flow interest rate risk. The company also relies on funding from shareholders of KShs. 3.9 Billion (2022: 4.72 Billion) which is at a fixed rate and therefore not exposed to cash flow interest rate risk. The company regularly monitors financing options available to ensure optimum interest rates are obtained.

At 31 December 2023, an increase/decrease of 100 basis points would have resulted in a decrease/increase in pre-tax profit of KShs 425.34 million (2022: KShs 332.42 million).

The balances of interest-bearing liabilities at year end were as follows:

	As of	
Financial Liabilities	**31 Dec 2023**	**31 Dec 2022**
Citibank loan	9,399	5,116
Standard Chartered bank loan	8,197	10,206
Bank Overdraft	4,359	2,495
JP Morgan	-	3,085
Axis Bank Limited	1,569	6,170
BOA	-	6,170
Stanbic Bank	4,500	-
IFC	4,709	-
I&M	7,301	-
ABSA	2,500	-
	42,534	**33,242**
Shareholder's loans	3,895	4,726

Refer Note 27 for further detail on external borrowings.

iv) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities, primarily from trade receivables but also from cash, other banks balances, derivative financial instruments other financial receivables.

As there is no independent credit rating of the customers available with the company, the management reviews the credit-worthiness of its customers based on their financial position, past experience, ageing and other factors. Credit risk related to trade receivables is managed/mitigated in accordance with the policies and procedures established, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the company to its customers generally ranges from 14-30 days. The company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

iv) Credit risk (continued)

The company's treasury maintains its cash and cash equivalents and deposits and enters into derivative financial instruments - with banks, financial and other institutions, having good reputation and past track record, and high/sovereign credit rating. Similarly, inter group receivables carry either negligible or very minimal credit risk.

Further, the company reviews the credit-worthiness of the all the above assets on an on-going basis, and if required, takes necessary mitigation measures.

The tables below detail the Company's maximum exposure to credit risk:

As of 31 Dec 2023

Particulars	Gross carrying amount	Less allowance	Net amount
Trade Receivables	2,132	1,347	785
Other receivables	384	13	371
Cash and cash equivalents	353	-	353
Due from related parties	2,999	-	2,999
	5,868	**1,360**	**4,508**

As of 31 Dec 2022

Particulars	Gross carrying amount	Less allowance	Net amount
Trade receivables	1,955	1,438	517
Other Receivables	538	13	525
Cash and cash equivalents	499	-	499
Due from related parties	2,821	-	2,821
Total	**5,813**	**1,451**	**4,362**

Trade receivables are typically non-interest bearing unsecured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk. Refer note 22 for details on the impairment of trade receivables.

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 270 days past due in case of interconnect customers and 90 days past due in other cases. In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

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	290	180	30	1,632	2,132
Trade Receivable as of 31 Dec 2022	135	93	49	1,678	1,955

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

v) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its present and future obligations as and when due, without incurring unacceptable losses. The company's prudent liquidity risk management objective is to; at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including term loans, debts and overdraft from both domestic and international banks at an optimised cost and the availability of funding from the principal shareholders. Management monitors rolling forecasts of the company's liquidity reserves on the basis of expected cash flows.

The table below summarises 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
As of 31 December 2023:				
Liabilities				
Shareholder's loans	-	-	3,895	3,895
External borrowings	19,808	5,673	12,694	38,175
Lease Liabilities	6,804	5,491	22,377	34,672
Bank overdraft	4,359	-	-	4,359
Accrued expenses and other payables	3,565	-	-	3,565
Amounts due to related parties	3,410	-	-	3,410
Trade payables	4,516	-	-	4,516
Total financial liabilities (contractual maturity dates)	**42,462**	**11,164**	**38,966**	**92,592**
As of 31 December 2022:				
Liabilities				
Shareholder's loans	-	-	4,726	4,726
External borrowings	27,046	2,468	1,233	30,747
Lease Liabilities	5,590	4,743	17,454	27,787
Bank overdraft	2,495	-	-	2,495
Accrued expenses and other payables	3,471	-	-	3,471
Amounts due to related parties	2,682	-	-	2,682
Trade payables	4,570	-	-	4,570
Total financial liabilities (contractual maturity dates)	**45,854**	**7,211**	**23,414**	**76,479**

vi) Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2023 and December 31, 2022. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total lease liabilities and loans and borrowings less cash and cash equivalents.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

vi) Capital management (Continued)

The gearing ratios at 31 December 2023 and 2022 were as follows.

	As of	
	31 Dec 2023	**31 Dec 2022**
Lease liabilities	29,793	21,256
Loans and borrowings	46,429	37,969
Less: Cash and cash equivalents	(353)	(499)
Net Debt	**75,869**	**58,726**
Equity	(4,424)	(3,781)
Gearing Ratio	Over 100%	Over 100%

6 REVENUE

	For the year ended	
	31 Dec 2023	**31 Dec 2022**
Voice revenues	22,599	18,501
Data revenues	19,153	13,730
Interconnect revenues	2,741	3,041
Roaming revenues	280	175
Site sharing Income (leased site)	22	17
Other service revenues	1,211	708
Sales of goods (handsets & accessories)	122	36
Messaging & Vas Revenue	3,991	3,314
Revenue earned from Mobile Virtual Network	302	299
	50,421	**39,821**

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to Kes 1,921.76 Mn at 31 December 2023 and Kes 1,489.57 Mn as at 31 December 2022 will be satisfied within a period of one year, respectively.

Revenue recognized that was included in the deferred revenue at the beginning of the year is Kes 1,489.57 Mn (2022: Kes 1,436.16 Mn).

Transfer from unbilled revenue recognized at the beginning of the period to receivables is Kes.300 Mn for 2023 (2022: Kes.367)

7 NETWORK OPERATING EXPENSES

	For the year ended	
	31 Dec 2023	**31 Dec 2022**
Network operation and maintenance costs	9,341	7,602
Leased lines	957	595
	10,298	**8,197**

8 ACCESS CHARGES

	For the year ended	
	31 Dec 2023	31 Dec 2022
Interconnect costs	5,001	5,426
Roaming charges	175	87
	5,176	**5,513**

In the year 2022, The Communications Authority directed that the Mobile termination rates be reduced from KSh 0.99 to KSh 0.58, the directive came into effect from 1 August 2022.

9 EMPLOYEE BENEFITS EXPENSES

	For the year ended	
	31 Dec 2023	31 Dec 2022
Salaries	1,771	1,556
Defined contribution plan cost	91	59
Defined benefit plan cost*	5	21
Staff Welfare Expense	142	160
Other staff related costs	425	302
	2,434	**2,098**

Defined benefit plan cost movement during the year

Opening Balance	93	81
Charge for the year	5	21
Payments for the year	(8)	(9)
Closing Balance	**90**	**93**

* Defined benefit plan cost includes only benefit paid for compensated absences.

10 SALES AND MARKETING EXPENSES

	For the year ended	
	31 Dec 2023	31 Dec 2022
Sales & Distribution cost	2,322	2,680
Marketing costs	780	565
Sim Cost	2,420	706
VAS Content	531	371
	6,053	**4,322**

11 OTHER EXPENSES

	For the year ended	
	31 Dec 2023	31 Dec 2022
Management Fees	1,649	976
Customer experience costs	373	199
Cost of handsets and accessories	159	34
Travel costs	43	17
Insurance expenses	20	28
Auditors' remuneration	16	8
Repairs and maintenance costs	11	9
Directors Remuneration	7	6
Other administrative costs*	84	125
Rates, Fees and Taxes	(3)	(329)
Legal & Professional fees	(21)	(24)
	2,338	**1,049**

*Other administrative costs include mainly Office Administrative Expenses e.g. Rent, Electricity etc.

12 DEPRECIATION AND AMORTIZATION

	For the year ended	
	31 Dec 2023	**31 Dec 2022**
Depreciation -property, plant & equipment	5,183	4,018
Depreciation - Right of use assets	3,915	3,161
Amortization - intangible assets	1,060	706
	10,158	**7,885**

13 (i) FINANCE COSTS

	For the year ended	
	31 Dec 2023	**31 Dec 2022**
Interest on lease liabilities (Note 26 (i))	1,934	1,487
Interest on External borrowings	4,373	1,723
Interest on Shareholders' Loan	137	774
Interest on other financial liability	10	8
Amortization of loan Origination Cost	55	35
Bank charges	11	9
Interest on Tax Cases and Demand	61	113
	6,581	**4,149**

For the purposes of the statement of cash flows, Interest Paid comprises the following:

	For the year ended	
	31 Dec 2023	**31 Dec 2022**
Interest on External borrowings	4,373	1,723
Interest on other financial liability	10	8
Amortization of loan Origination Cost	55	35
Bank charges	11	9
Interest on Tax Cases and Demand	61	113
Total	**4,510**	**1,888**

(ii) FINANCE INCOME

Interest income	-	(20)

(iii) FOREIGN EXCHANGE LOSS

	For the year ended	
	31-Dec-23	**31-Dec-22**
External Borrowings	3,439	1,657
Shareholder's Loan	1,694	1,231
Lease Liabilities	3,683	1,242
Trade in items	1,295	736
Total	**10,111**	**4,866**

For the purposes of the statement of cash flows, foreign exchange loss comprises the following:

	For the year ended	
	31-Dec-23	**31-Dec-22**
External Borrowings	3,439	1,657
Shareholder's Loan	1,694	1,231
Lease Liabilities	3,683	1,242
Total	**8,816**	**4,130**

14 INCOME TAX RECOVERABLE

	As of	
Statement of financial position	**31 Dec 2023**	**31 Dec 2022**
As at 1 January	328	319
Paid during the year	7	9
Tax recoverable	**335**	**328**

15 TAX EXPENSE

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

	For the year ended	
	31 Dec 2023	**31 Dec 2022**
Loss before income tax	(5,831)	(895)
Tax calculated at the statutory income tax rate of 30%	(1,749)	(269)
Net tax effect of:		
Impact of permanent difference	299	269
Deferred income tax asset recognized (Note 20)	(3,738)	(10,093)
Settlement of Various Disputes	-	(37)
Income tax Credit	**(5,188)**	**(10,130)**
Comprising		
- Income Tax Charge	-	-
- Deferred Tax Credit (Note 20)	(5,188)	(10,130)
Total Income Tax Credit	**(5,188)**	**(10,130)**

16. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended 31 Dec 2023 and 31 Dec 2022:

	Leasehold improvements	Land	Technical assets	Motor vehicles	Office, IT equipment & others	Furniture & fittings	TOTAL	Capital work in progress**
Gross Carrying Value								
At January 1, 2022	1,105	85	53,149	14	8,979	383	63,715	2,856
Transfer from CWIP	-	-	8,708	-	1,151	246	10,105	(10,105)
Additions	-	-	-	-	-	-	-	8,536
Disposal / Adjustment*	-	-	(3)	-	(62)	(356)	(421)	-
At December 31, 2022	**1,105**	**85**	**61,854**	**14**	**10,068**	**273**	**73,399**	**1,287**
Transfer from CWIP	1	-	8,351	-	711	7	9,070	(9,070)
Additions	-	-	-	-	-	-	-	9,334
Disposal / Adjustment*	-	-	(153)	-	-	(1)	(154)	-
At December 31, 2023	**1,106**	**85**	**70,052**	**14**	**10,779**	**279**	**82,315**	**1,551**
Accumulated Depreciation								
At January 1, 2022	1,021	-	35,552	11	8,733	255	45,572	-
Charge for the year	13	-	3,506	1	459	39	4,018	-
Disposal / Adjustment*	-	-	(2)	-	(62)	(61)	(125)	-
At December 31, 2022	**1,034**	**-**	**39,056**	**12**	**9,130**	**233**	**49,465**	**-**
Charge for the year	9	-	4,406	1	758	9	5,183	-
Disposal / Adjustment*	-	-	(152)	-	-	(1)	(153)	-
At December 31, 2023	**1,043**	**0**	**43,310**	**13**	**9,888**	**241**	**54,495**	**-**
NET CARRYING VALUE:								
At December 31, 2022	**71**	**85**	**22,798**	**2**	**938**	**40**	**23,934**	**1,287**
At December 31, 2023	**63**	**85**	**26,742**	**1**	**891**	**38**	**27,820**	**1,551**

* Adjustments consists of reversal of gross carrying value and accumulated depreciation on retirement of PPE and reclassification from one category of asset to another.

** The carrying value of capital work-in-progress as at December 31, 2023 & December 31, 2022 mainly pertains to plant and equipment.

17 Intangible Assets

	License	YU brand	YU customer base	Total	Assets under development
Gross Carrying Value					
At January 1, 2022	5,919	16	1,289	7,224	-
Additions	5,867	-	-	5,867	-
Adjustments	672	-	-	672	-
Disposal	(146)	-	-	(146)	-
At December 31, 2022	**12,312**	**16**	**1,289**	**13,617**	-
Additions	-	-	-	-	15
At December 31, 2023	**12,312**	**16**	**1,289**	**13,617**	**15**
Accumulated Depreciation					
At January 1, 2022	3,380	16	1,289	4,685	-
Charge for the year	706	-	-	706	-
Adjustments	139	-	-	139	-
Disposal	(129)	-	-	(129)	-
At December 31, 2022	**4,096**	**16**	**1,289**	**5,401**	-
Charge for the year	1,060	-	-	1,060	-
At December 31, 2023	**5,156**	**16**	**1,289**	**6,461**	-
NET CARRYING VALUE:					
At December 31, 2022	**8,216**	-	-	**8,216**	-
At December 31, 2023	**7,156**	-	-	**7,156**	**15**

YU brand and customer base fully amortized as of 31st Dec 2017.

18 Right of use Assets

	Bandwidth	Plant and equipment	Land	Others	Total
Gross Carrying Value					
At January 1, 2022	1,030	21,198	-	313	22,541
Additions	689	4,717	-	2,103	7,509
At December 31, 2022	**1,719**	**25,915**	-	**2,416**	**30,050**
Additions	1,714	7,884	47	1,097	10,742
Adjustment	-	(601)	-	(152)	(753)
At December 31, 2023	**3,433**	**33,198**	**47**	**3,361**	**40,039**
Accumulated Depreciation					
At January 1, 2022	55	8,053	-	353	8,461
Additions	98	2,928	-	135	3,161
At December 31, 2022	**153**	**10,981**	-	**488**	**11,622**
Additions	204	3,396	1	314	3,915
Adjustment	-	(89)	-	(44)	(133)
At December 31, 2023	**357**	**14,288**	**1**	**758**	**15,404**
NET CARRYING VALUE:					
At December 31, 2022	1,566	14,934	-	1,928	18,428
At December 31, 2023	3,076	18,910	46	2,603	24,635

19 DERIVATIVE FINANCIAL INSTRUMENTS

	As of	
ASSETS (i)	**31 Dec 2023**	**31 Dec 2022**
As of January 1	-	2
Charge/credit to profit or loss	123	(2)
At December 31	**123**	**-**
LIABILITY (ii)		
As of January 1	59	15
Charge/(Credit) to profit or loss	(46)	44
At December 31	**13**	**59**
Total Charge/(Credit) to profit or loss	(169)	46

20 DEFERRED TAX ASSET

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

	As of	
	31 Dec 2023	**31 Dec 2022**
At start of year	10,093	11,264
Movement in deferred tax	5,188	2,567
Unrecognized asset	-	(3,738)
At end of year	**15,281**	**10,093**

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

	For the period ended	
Particulars	**31-Dec-2023**	**31-Dec-22**
Property, plant and equipment	(3,218)	(2,542)
Doubtful Debts	(1,360)	(1,451)
Inventory obsolescence	(21)	(64)
Accrued leave	(101)	(93)
Other Provisions	(440)	(534)
Deferred realised exchange loss (thin capitalization)	(9,177)	-
Unrealised exchange losses	(993)	(993)
Net unrealized exchange differences	(2,938)	(1,169)
Right of Use asset - IFRS 16	24,635	18,428
Lease Liability IFRS 16	(29,793)	(21,256)
Tax Losses carried forward net of Expired Losses	(27,533)	(36,430)
Total timing difference	**(50,939)**	**(46,104)**
Deferred Tax Assets @ 30%	15,281	13,831
Deferred Tax asset not recognized	-	(3,738)
Net deferred tax asset	**15,281**	**10,093**

21 INVENTORIES

	As of	
	31 Dec 2023	**31 Dec 2022**
Stock-in-trade*	337	272
Provision for stock obsolescence & write down	(21)	(64)
	316	**208**

*Stock in trade includes handsets, SIM cards, scratch cards and routers.

22 TRADE AND OTHER RECEIVABLES

	As of	
	31 Dec 2023	**31 Dec 2022**
Trade Receivables	2,132	1,955
Provision for Doubtful Debts Allowance	(1,347)	(1,438)
Net Trade Receivables (a)	**785**	**517**
Other receivables*	384	538
Provision for impairment losses on other receivables	(13)	(13)
Net other receivables (b)	**371**	**525**
Receivable from related parties – note 32(iii) (C)	2,999	2,821
Total Trade and other receivables (a+b+c)	**4,155**	**3,863**

*Other receivables mainly include Unbilled revenue, claims receivables.
Movements on the provision for impairment of trade receivables are as follows:

	As of	
	31 Dec 2023	**31 Dec 2022**
Movement of Provision Doubtful Debts Allowance		
Opening balance	1,438	1,587
Reduction in provision	(91)	(149)
Closing balance	**1,347**	**1,438**
Movement of Provision for impairment losses		
Opening balance	13	13
Closing balance	**13**	**13**
Overall movement in Provisions		
Opening balance	1,451	1,600
Reduction in Provision	(91)	(149)
Closing balance	**1,360**	**1,451**

The carrying amounts of receivables approximate their fair value due to the short-term nature of the receivables.

23. CASH AND CASH EQUIVALENTS

	As of	
	31 Dec 2023	**31 Dec 2022**
Balances with Bank		
On current accounts	334	478
Cash in hand	19	21
	353	**499**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

Bank Balance	334	478
Cash in hand	19	21
Bank overdraft (Note 27)	(4,359)	(2,495)
	(4,006)	**(1,996)**

24 ORDINARY SHARE CAPITAL

	Number of shares	Par value KShs	Ordinary Shares KShs'Mn
As of 31 December 2022	400,586	1,000	401
As of 31 December 2023	400,586	1,000	401

25 SHAREHOLDERS' LOANS

	As of 31 Dec 2023	As of 31 Dec 2022
Balance at start of year	4,726	38,554
Interest capitalized	137	774
Forex Loss/(Gain)	1,694	1,231
Conversion of loan to Equity	-	(34,663)
Additional Proceeds	12,870	-
Repayment	(15,532)	(1,170)
	3,895	**4,726**

These are loans from the immediate holding company, Bharti Airtel Kenya B.V. Loan is repayable as on 31 December 2026. The loans are unsecured and bear 3% interest per annum.

26. LEASE LIABILITIES

i.) As a lessee

(a) Analysed as;

	As of 31 Dec 2023	As of 31 Dec 2022
Non-current	23,453	17,205
Current	6,340	4,051
	29,793	**21,256**

(b) Maturity analysis:

	31 Dec 2023	31 Dec 2022
Less than one year	6,804	5,590
Later than one year but not later than two years	5,491	4,743
Later than two years but not later than five years	12,047	9,004
Later than five years but not later than nine years	9,784	8,033
Later than nine years	546	417
Total undiscounted lease liabilities	**34,672**	**27,787**
Lease liabilities included in the statement of financial position	29,793	21,256
Amounts recognised in profit or loss		
Interest on lease liabilities	1,934	1,487
	1,934	**1,487**

26. LEASE LIABILITIES (Continued)

i.) As a lessee (Continued)

(b) Maturity analysis: (Continued)

Lease Liability movement

	For the period ended	
	31 Dec 2023	31 Dec 2022
Opening Balance	21,256	16,098
Additions	10,742	7,509
Interest on lease liabilities	1,934	1,487
Lease Liability retired	(677)	-
Foreign exchange loss on lease liabilities	3,683	1,242
Repayment of Lease Liabilities	(7,145)	(5,080)
Closing Balance	**29,793**	**21,256**

ii.) As a lessor

The Company's lease arrangements as a lessor mainly pertain to passive infrastructure. Certain of these lease arrangements have escalations up to 7 % per annum.

Operating Lease

	As of	
	31 Dec 2023	31 Dec 2022
Lease income recognized in profit or loss	(59)	(40)
Income from sub-leasing right-of-use assets	(22)	(17)
Lease income recognized in profit or loss	**(81)**	**(57)**

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

Operating Lease

	As of	
	31 Dec 2023	31 Dec 2022
Disclosure		
Less than one year	85	49
One to two years	70	21
Two to three years	69	6
Three to four years	64	6
Four to five years	65	-
More than five years	190	-
	543	**82**

27 BORROWING

	As of	
Non-Current	**31 Dec 2023**	**31 Dec 2022**
Term loans	20,581	14,685
Less: Current portion (a)	2,214	10,983
	18,367	**3,702**
Current maturities of long-term borrowings (a)	2,214	10,983
Current		
Term loans (a)	2,214	10,983
Short Term loans	17,594	16,062
Bank overdraft	4,359	2,495
	24,167	**29,540**

Current borrowings consist mainly of external loans from SCB Bank, I&M Bank, IFC Bank, Citi Bank and ABSA Bank repayable within 12 months of 31 December 2024.

The overdraft facility extended by Standard Chartered Bank Kenya Limited, I&M Bank, Citi Bank and Access Bank. Interest accrues on the daily overdrawn balance and is payable monthly in arrears. As at 31st December 2023, the overdrawn balance was KShs 4,359 Mn (KShs 2,495 Million as at 31st December 2022).

27 BORROWINGS (continued)

Detail of all borrowings is as below: -

Movement in loans

	Citi Bank	Hongkong & Shanghai Bank	Standard Chartered Bank	JP Morgan Chase Bank	Stanbic Bank	Bank of America	AXIS Bank	IFC	I&M	ABSA	Total
As of 1 January 2022,	5,492	1,697	2,420	3,394	-	5,657	3,394	-	-	-	22,054
Drawn down during the year	5,076	-	11,945	860	-	-	2,278	-	-	-	20,159
Repayments in the year	(5,587)	(1,833)	(4,340)	(1,363)	-	-	-	-	-	-	(13,123)
Net exchange loss	135	136	181	194	-	513	498	-	-	-	1,657
At 31 December 2022	**5,116**	**-**	**10,206**	**3,085**	**-**	**6,170**	**6,170**	**-**	**-**	**-**	**30,747**
As of 1 January 2023	5,116	-	10,206	3,085	-	6,170	6,170	-	-	-	30,747
Drawn down during the year	9,090	-	1,335	-	4,500	-	-	3,731	7,301	3,000	28,957
Repayments in the year	(4,818)	-	(3,362)	(3,252)	-	(7,365)	(5,671)	-	-	(500)	(24,968)
Net exchange loss	11	-	18	167	-	1,195	1,070	978	-	-	3,439
At 31 December 2023	**9,399**	**-**	**8,197**	**0**	**4,500**	**-**	**1,569**	**4,709**	**7,301**	**2,500**	**38,175**

28 TRADE AND OTHER PAYABLES

	As of	
	31 Dec 2023	**31 Dec 2022**
Trade payables	4,516	4,570
Due to related parties – note 32 (iv)	3,410	2,682
Accrued expenses and other payables	3,565	3,471
Interest Accrued but not Due	35	36
	11,526	**10,759**

The carrying amounts of the above payables and accrued expenses approximate their fair value due to their short-term nature. The payables are not interest bearing and are normally settled as per credit terms agreed with individual vendors.

29 PROVISIONS

	As of	
Non-Current	**31 Dec 2023**	**31 Dec 2022**
Asset retirement obligation	8	9
Employee benefits - leave encashment	73	70
	81	**79**
Current		
Provision for sub-judice matters	55	345
Employee benefits - leave encashment	28	23
Provision for income tax cases	100	11
	183	**379**

30 CONTINGENT LIABILITIES

In the ordinary course of business, the company is a defendant or co-defendant in various litigations & claims and issues Performance Guarantee to customers for bidding the contracts. Although there can be no absolute assurance, the directors believe, based on information currently available, that the ultimate resolution of these legal proceedings is not likely to have a material adverse effect on the results of its operations, financial position or liquidity. The disputes mainly relate to tax and legal matters.

	As of	
	31 Dec 2023	**31 Dec 2022**
Legal litigations		
Civil and other legal cases	12	12
Tax cases	1	-
Performance Bonds	25	22

31 COMMITMENTS

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

	As of	
Capital commitments	**31 Dec 2023**	**31 Dec 2022**
Authorised and contracted for:		
Due within 1 year	6,843	6,114

32 RELATED PARTY TRANSACTIONS

The company is controlled by Airtel Africa Plc which is the parent company. The ultimate parent of the company is Bharti Airtel Limited.

(i) Sale of goods and services

	As of		
	31- Dec-2023	**31-Dec-2022**	**Relationship**
Bharti Airtel (UK) Limited	668	415	Fellow subsidiary
Airtel Uganda PLC	146	342	Fellow subsidiary
Airtel Money Kenya Limited	74	414	Fellow subsidiary
Airtel Tanzania Limited	67	25	Fellow subsidiary
Airtel Madagascar S.A.	59	24	Fellow subsidiary
Bharti Airtel International (Netherlands) B.V. Kenya Branch.	37	23	Intermediate parent
Bharti Airtel Limited	32	15	Intermediate parent
Airtel Congo (RDC) S.A.	11	6	Fellow subsidiary
Airtel Networks Limited (Nigeria)	7	5	Fellow subsidiary
Airtel Networks Zambia Plc	6	2	Fellow subsidiary
Airtel Malawi PLC	5	7	Fellow subsidiary
Airtel Rwanda Limited	2	6	Fellow subsidiary
Airtel Africa Telesonic Limited - Dubai Branch	2	-	Fellow subsidiary
Airtel Niger Limited.	1	-	Fellow subsidiary
Bharti International (Singapore) Pte Ltd	-	1	Fellow subsidiary
Airtel (Seychelles) Limited	-	2	Fellow subsidiary
	1,117	**1,287**	

Sales of services are negotiated with related parties on a cost-plus basis, allowing a margin of 10 % (2022: 10%). Services sold to related entities include interconnection of voice calls, roaming, short message services and goods sold include phones and handsets.

32 RELATED PARTY TRANSACTIONS (Continued)

Outstanding balances arising from sale and purchase of goods/services

(ii) Purchase of goods and services

	As of		
	31-Dec-2023	**31-Dec-2022**	**Relationship**
Airtel Africa services (UK) LTD	1,303	786	Fellow subsidiary
Airtel Money Kenya Limited	370	149	Fellow subsidiary
Airtel Africa Telesonic Limited – Dubai Branch	187	-	Fellow subsidiary
Bharti Airtel (UK) Limited	173	183	Fellow subsidiary
Airtel Uganda PLC	148	126	Fellow subsidiary
Airtel Tanzania Limited	135	115	Fellow subsidiary
Bharti Airtel Limited	96	20	Intermediate parent
Network i2i Ltd.	81	86	Intermediate parent
Airtel Networks Limited (Nigeria)	33	11	Fellow subsidiary
Airtel Congo (RDC) S.A.	27	19	Fellow subsidiary
Bharti Airtel International (Netherlands) B.V. Kenya Branch.	17	19	Fellow subsidiary
Airtel (Seychelles) Limited	15	5	Fellow subsidiary
Airtel Rwanda Limited	10	8	Fellow subsidiary
Airtel Networks Zambia Plc	3	5	Fellow subsidiary
Bharti Airtel (France) SAS	2	-	Fellow subsidiary
Airtel Malawi PLC	2	2	Fellow subsidiary
Bharti Airtel Services Limited	1	-	Fellow subsidiary
Airtel Tchad S.A.	1	-	Fellow subsidiary
Airtel Madagascar S.A.	1	-	Fellow subsidiary
Bharti International (Singapore) Pte Ltd	-	2	Fellow subsidiary
Nxtra Data Limited	-	7	Fellow subsidiary
	2,605	**1,543**	

Goods and services are bought from related companies, being entities controlled by Airtel Africa PLC. Bharti Airtel Limited and Bharti Enterprises. The company procures various services from related companies including interconnection for voice calls, roaming, SMS and the sale of assets.

32 RELATED PARTY TRANSACTIONS (Continued)

(iii) Receivable from related parties (Note 22)

Receivable from related parties

	As of		
	31-Dec-2023	**31-Dec-2022**	**Relationship**
Bharti Airtel (UK) Limited	576	411	Fellow subsidiary
Airtel Uganda PLC	459	389	Fellow subsidiary
Airtel Networks Limited (Nigeria)	399	314	Fellow subsidiary
Airtel Rwanda Limited	300	236	Fellow subsidiary
Airtel Money Kenya Limited	265	818	Fellow subsidiary
Bharti Airtel International (Netherlands) B.V. Kenya Branch.	244	97	Intermediate parent
Airtel Niger Limited.	212	166	Fellow subsidiary
Airtel Tanzania Limited	118	99	Fellow subsidiary
Airtel Madagascar S.A.	107	31	Fellow subsidiary
Airtel Congo (RDC) S.A.	83	61	Fellow subsidiary
Airtel Malawi PLC	61	46	Fellow subsidiary
Bharti Airtel Limited	57	34	Intermediate parent
Airtel Networks Zambia Plc	31	22	Fellow subsidiary
Airtel (Seychelles) Limited	25	24	Fellow subsidiary
Bharti International (Singapore) Pte Ltd	21	51	Fellow subsidiary
Airtel Kenya Telesonic Limited	16	-	Fellow subsidiary
Airtel Tchad S.A.	12	9	Fellow subsidiary
Airtel Congo S.A	8	6	Fellow subsidiary
Singtel Singapore Pte Ltd.	3	-	Fellow subsidiary
Nxtra Data Limited	1	2	Fellow subsidiary
Airtel Africa Telesonic Limited - Dubai Branch	1	-	Fellow subsidiary
Bharti Hexacom Limited	-	5	Fellow subsidiary
Total	**2,999**	**2,821**	

32 RELATED PARTY TRANSACTIONS (Continued)

(iv) Payable to related parties (Note 28)

	As of		
	31-Dec-2023	31-Dec-2022	Relationship
Airtel Tanzania Limited	965	777	Fellow subsidiary
Airtel Uganda PLC	511	451	Fellow subsidiary
Bharti Airtel Africa B.V.	464	364	Intermediate parent
Airtel Africa services (UK) LTD	448	412	Fellow subsidiary
Airtel Africa Telesonic Limited - Dubai Branch	200	-	Fellow subsidiary
Network i2i Ltd.	168	125	Intermediate parent
Bharti Airtel (UK) Limited	135	29	Fellow subsidiary
Airtel Money Kenya Limited	127	329	Fellow subsidiary
Airtel Rwanda Limited	88	66	Fellow subsidiary
Bharti Airtel International (Netherlands) B.V. Kenya Branch	84	3	Intermediate parent
Airtel Congo (RDC) S.A.	67	52	Fellow subsidiary
Airtel Networks Limited (Nigeria)	39	9	Fellow subsidiary
Bharti Airtel (France) SAS	37	11	Fellow subsidiary
Bharti Airtel Limited	27	7	Intermediate parent
Airtel Networks Zambia Plc	21	16	Fellow subsidiary
Airtel Malawi PLC	9	7	Fellow subsidiary
Airtel Tchad S.A.	7	5	Fellow subsidiary
Bharti Airtel Services Limited	6	5	Fellow subsidiary
Airtel (Seychelles) Limited	4	1	Fellow subsidiary
Airtel Niger Limited.	2	2	Fellow subsidiary
Airtel Madagascar S.A.	1	-	Fellow subsidiary
Bharti Hexacom Limited	-	5	Fellow subsidiary
Nxtra Data Limited	-	6	Fellow subsidiary
	3,410	**2,682**	

(v) Key management compensation

	As of	
	31 Dec 2023	31 Dec 2022
Employment benefits	**458**	**376**
Details on key management compensation are as follows:		
Total Salaries and Allowances	306	270
Annual Performance Bonuses	97	56
Long Term Incentive	33	14
Director's remuneration	6	6
Social Security – Pension	8	8
Medical Expenses	7	8
Termination Dues	1	13
	458	**375**

Annual performance bonus is awarded based on achievement of set earnings before interest, tax, depreciation and amortisation, EBITDA, whereas long term incentive is meant to align senior management performance with the vision of the company. As at 31 December 2023, the provision for long term incentive was KShs 33 million (2022: KShs 14 million).

33. (i) SHAREHOLDER'S LOANS

	As of 31 Dec 2023	As of 31 Dec 2022
Payable to Bharti Airtel Kenya B.V. (Note 25)	3,895	4,726

(ii) INVESTMENT IN SUBSIDIARY

	Country of incorporation	Principal business	As of 31 Dec 2023	As of 31 Dec 2022
Airtel Money Transfer Limited	Kenya	International Mobile money transfer	-	40
100% owned				

The company started operations in March 2019.

In 2023, the investment in subsidiary was transferred to Airtel Money Transfer Limited and the financial statements of Airtel Money Transfer Limited have been prepared separately. No further investments have been done in 2023.

(iii) OTHER CURRENT ASSETS

	As of 31 Dec 2023	As of 31 Dec 2022
Prepaid expenses	5,070	3,287
Input VAT	391	385
Other advances to employees and vendors	366	280
	5,827	**3,952**

OTHER NON-CURRENT ASSETS

	31 Dec 2023	31 Dec 2022
Paid under protest (legal case deposit)	5	5
Prepaid expenses aged more than 1 year	908	864
Security deposits	31	27
	944	**896**

(iv) DEFERRED CUSTOMER ACQUISITION COST

	31 Dec 2023	31 Dec 2022
At the beginning of the year	1,607	960
Additions	4,842	2,623
Amortization	(3,037)	(1,975)
At the end of the year	**3,412**	**1,607**

Deferred customer acquisition cost

	31 Dec 2023	31 Dec 2022
- Current	3,054	1,373
- Non-current	358	234
	3,412	**1,607**

The Company defers costs to obtain contracts with customers over expected average customer life determined based on customer churn rate.

34. OTHER LIABILITY

	As of	
	31 Dec 2023	**31 Dec 2022**
CURRENT		
Taxes Payable	1,734	1,923
Deferred Spectrum payable	861	686
	2,595	**2,609**

Taxes payable includes value added tax, excise, withholding taxes and other taxes payable.

	As of	
	31 Dec 2023	**31 Dec 2022**
Deferred Revenue**	**1,922**	**1,490**

** This refers to deferred revenue on recharges.

NON CURRENT	As of	
	31 Dec 2023	**31 Dec 2022**
Employee Deferred Benefit payable	7	5
Deferred Spectrum payable	386	921
	393	**926**

35. EXCEPTIONAL ITEMS

DEFERRED TAX ASSET

The Company had carried forward losses and temporary differences on which deferred tax was not previously recognised. Considering the Company's profitability trends, that tax losses have recently been utilised and on the basis of forecast future taxable profits, the Company has determined that it is now probable that taxable profits will be available against which the tax losses and temporary differences can be utilised. Consequently, the deferred tax asset recognition criteria are met, leading to the recognition of an additional deferred tax asset of Ksh. 10,093 Mn during the year ended 31 December 2022 and additional deferred tax asset of Ksh. 4,305 Mn recognised during the year ended 31 December 2023.

36. EVENTS AFTER THE REPORTING DATE

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

37. COMPARATIVES

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