Airtel Networks Limited

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

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Directors' Report

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

1. Legal form

The Company is a private limited liability company, which was incorporated on 21 December 2000 as Econet Wireless Nigeria Limited. By Special Resolutions of the Company at General Meetings held on 2 April 2004 and 10 October 2006, the name of the Company was changed from Econet Wireless Nigeria Limited to Vee Networks Limited and from Vee Networks Limited to Celtel Nigeria Limited respectively. On 22 September 2010, by another Special Resolution of the Company, the name of the Company was changed from Celtel Nigeria Limited to Airtel Networks Limited.

2. Principal activity

The principal activity of the Company is the provision of telecommunication services and products using its licensed platforms.

3. Result for the year

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

Gross Subscriber Base			
Particulars	**Financial Year**		**YoY Growth**
	2023	**2022**	
	'000	**'000**	**%**
Closing subscriber base	61,834	60,066	2.94%
Gross subscriber connections added during the year	20,181	24,288	(16.91)%
Churn during the year	18,413	18,149	1.45%

Active subscribers are determined based on a 90-day revenue generating cycle.

Financial Highlights			
Particulars	**Financial Year**		**YoY Growth**
	2023	**2022**	
	₦' million	**₦' million**	**%**
Revenue from operations	1,088,075	893,889	21.72%
Operating profit	371,976	318,932	16.63%
Finance income	1,464	7,866	(81.39)%
Finance costs	(94,647)	(49,241)	92.21%
Net Derivative and foreign exchange losses	(663,593)	(63,639)	942.75%
(Loss)/Profit before taxation	(384,800)	213,918	(279.88)%
(Loss)/Profit after taxation	(253,292)	146,204	(273.25)%
Capex investment at year end (Net Property, Plant and equipment)	536,840	420,622	27.63%

Directors' Report (cont'd)

4. Business review

The Company experienced an increase in its subscriber base during the year ended 31 December 2023 as it witnessed a growth of 2.94% (in its subscriber base from 60.01million in 2022 to 61.83 million in 2023. Revenue generated in the year increased by 21.72% from N893.89 billion in 2022 to N1,088.08 billion in 2023. Key drivers of growth continue to be 5G launch, Voice and Data revenue growth, Home Broadband expansion and increased uptake in our Enterprise business which all supported us in achieving growth in our numbers. Our retail expansion program continues to be the bedrock of our success.

Airtel launched the SmartCash business through its payment service bank in 2022 and it has seen good uptake. The company has been able to build the right momentum to go into the new year where it intends to expand the SmartCash business and ensure it supports financial inclusion across the country.

Airtel Nigeria also kick-started its Fifth-Generation (5G) network service in Abuja, Lagos, Ogun and Rivers. The rollout of the service is coming six months after Airtel Nigeria won the 3.5 gigahertz spectrum to launch a 5G network in the country, promising to expand the service to other states of the federation. This is geared towards driving improved customer experience on the network with our 5G services which can be accessed via mobile phone and our Router devices.

Airtel Networks Limited continued its other strategic initiatives to improve brand visibility and expand retail footprint by rebranding from "The Smartphone network" to "A reason to imagine" with focus on excellent service delivery and customer experience. The business currently has a total of seventy-seven showrooms across Nigeria in addition to its dealer empowerment initiatives tagged "Airtel Express Shops" (AES) spread across the country.

Since its inception in 2014, Airtel Touching Lives, the flagship corporate philanthropy initiative of Airtel Nigeria, has continued to provide succour to the underprivileged, hard to reach, vulnerable, and disadvantaged in the society. To flag off the seventh season in 2023, over 100,000 Nigerians sent in their nominations of causes, individuals, and projects for consideration, and, from these recommendations, Airtel selected 12 entries which possess the potential to make significant difference in the lives of the beneficiaries and their communities. The interventions projects for Airtel Touching Lives Season 7 included the following:

Training equipment, wheelchairs, and electricity generators were donated to **the Centre for Intellectual and Special Needs, Lagos**: 1 5KVA generator set, 2 Laptops, 1 photocopier/Scanner, 1 Hp Printer, 4 Cerebral Palsy wheelchairs, 4 Medical Wheelchairs, Canon EOS 7D Camera, Cabinets, 1 Deep Freezer, 1 Refrigerator, 1 TV set 4 Cordless hair clippers, chairs, desks, 2 Gas cylinders, 2 Gas cooker/Ovens, 1 Cake mixers, 5 sewing Machines, and others.

Government Day Secondary School in rural Kuje, Abuja received 2,000 reusable sanitary pads for the female student, shelves/cabinets for the storage of IEC material, light fittings, 1 air conditioner, 10 desks and chairs, surface refurbishment of 1 room, and a 5.5KVA electricity generator.

Eunice Nwokeocha, a young female entrepreneur living with albinism was supported with a scaling machine, cutting machine, an Industrial shoe press, industrial filing machine, one 5KVA electricity generating set, and other tools and equipment to structure her shoemaking business in Abuja.

Eleven-Year-Old Mercy David, a patient of a severe neurological disorder, was presented with N2.25m for her surgery, post-operation care, and physiotherapy for eight months. In addition, a 2-year rent was paid for the family's apartment in Ogun State. Mercy's mother's shop was also set up with 1 3.5KVA generating set, 1 deep freezer, 1 Industrial Standing Fan, and stocked with 500 cases of soft drinks and table water while 1 Aston bicycle with 1 helmet was presented to Mercy's twin brother, Goodness.

Helping Babies Breathe Hospital in Owerri, Imo State received 100 Ambu bags, 50 Mini oxygen cylinders with regulators, 4 Neonatal new-born stimulators, 100 pulse oximeters, 1 Laerdal Mama Birthie, 1 Laerdal Preemie Anne manikin, a cash donation of N1.5m to the family of quadruplets delivered at the hospital to cover medical bills and scholarship for the children, and a N4m cash donation to the hospital to continue providing free healthcare and helping to prevent infant mortality.

Segun Timilehin, a visually impaired programmer and trainer, was provided with eight laptops, 2-year rent for the centre, 2 routers with Internet access for 1 year, 1TB of data for 2 years, desks and chairs for the training room, and various other learning materials for the use of trainees.

Oluwafemi Mutiu Abioye, game centre operator and quadriplegic saw his small-scale business significantly boosted with 1 new laptop, 1 wheelchair, 4 Sony PlayStation5, four 32-inch TV, 2 Epson EcoTank printers, a concrete ramp construction to aid accessibility to his game centre, 1 Samsung Phone, 5KVA Generator, 2 routers, 1TB of data for 2 years, and a cash grant of N500,000.

At the **Adult Vocational Training Centre, Ilorin, Kwara,** several tools, appliances, and equipment were supplied for the benefit of trainers and trainees. The empowerment package included cobbler machines, a laptop computer, a refrigerator, unisex salon gear, catering hardware, make-up kits, a water storage tank, as well as furniture.

Other beneficiaries of Airtel Touching Lives Season 7 have also been presented with business support and community development facilities, including fish farming tanks, solar panels and inverters, produce storage rooms, preservatives, water boreholes, and buildings.

Airtel Networks Limited, through its **Employee Volunteer Scheme (EVS),** a special purpose vehicle, which currently has over 144 Airtel employees as registered members, continues to provide support through the donation of time and personal resources to aid the underprivileged in various communities in Nigeria. In 2023, EVS raised and committed N13m to various programmes.

Aside from Airtel Touching Lives and Employee Volunteer Scheme, **Airtel 5 Days of Love** also served food to 6,000 people in six locations spread across the country, namely Lagos, Kwara, Imo, Rivers, Abuja, and Kano. Now in its eighth year, the initiative is designed to extend a hand of kindness and good neighborliness to the indigent who live in areas where Airtel currently operates during the December holiday season.

Airtel Nigeria was honoured with the **Partnership of the Year** award at the 2023 edition of SERAs (Sustainability, Enterprise, and Responsibility Awards) for the **Reimagine Education Project** which **Airtel Africa** executes with the **United Nations Children's Fund (UNICEF)**.

Directors' Report (cont'd)

Business review (cont'd)

In 2023, Airtel Africa and UNICEF expanded the programme's reach. Currently, 880 schools in 17 states of Nigeria each have access to 42.5GB of data from Airtel network to connect pupils to digital learning platforms.

5. Directors' interests

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

Names		Designation	Date Appointed/ Resignation	Representing	Number of Ordinary Shares of ₦1.00 each
Hons. Justice Salihu Alfa Modibbo Belgore (Rtd) GCON (Nigerian)	-	Chairman	Appointed 23 September 2014	-	Nil
Mr. Olusegun Ogunsanya (Nigerian)	-	Director	Appointed 12 November 2012	Bharti Airtel Nigeria B.V	Nil
Mr. Jaideep Paul (Indian)	-	Director	Appointed 29 May 2014	Bharti Airtel Nigeria B.V	Nil
Mr. Carl Cruz (Philippines)	-	MD/CEO	Appointed 5 May 2023	-	Nil
Mr. Emeka Onwuka (Nigerian)	-	Director	Appointed 5 September 2018	-	Nil
Mr. Rama Krishna Lella (Indian)	-	Director	Appointed 6 February 2019	Bharti Airtel Nigeria B.V	Nil
Ms. Rogany Ramiah (South African)	-	Director	Appointed 12 June 2019	Bharti Airtel Nigeria B.V	Nil
Mr. Patrick Akinwuntan (Nigerian)	-	Director	Appointed 5 May 2023	-	Nil

The companies represented by the directors are direct shareholders of Airtel Networks Limited.

6. Directors' interest in contracts

In accordance with Section 303 of the Companies and Allied Matters Act, 2020, the following directors declared the interests of companies they represent in contracts with the Company:

Mr. Olusegun Ogunsanya - TCF Microfinance Bank Limited (Banking Services)

Directors' Report (cont'd)

7. Property, plant, and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 17 to the financial statements.

8. Investment in Subsidiary

Airtel Networks Limited owns 99.99% of the shares of Airtel Mobile Commerce Nigeria Limited, a company incorporated on 31 August 2017. The principal activity of the Company is to act as a provider of electronic commerce (e-commerce) service, facilitate the acceptability of mobile money, act as an agent of financial institutions carrying out the business of agency banking as well as act as aggregator and manager of agents networks for the same purpose. The Company possesses a super-agent license issued by the Central Bank of Nigeria.

Airtel Mobile Commerce Nigeria Limited is yet to commence business as at 31 December 2023. Details of investment in the subsidiary is provided in Note 35(c).

In its commitment to the fulfilment of the financial inclusion agenda of the Central Bank of Nigeria (CBN) and Federal Republic of Nigeria, Airtel Networks Limited acquired 99.99% of the shares of Smartcash Payment Service Bank Limited, a company duly incorporated on 30 November 2022 and licensed by the CBN as a payment service bank.

Charitable contributions

The Company made donations through projects and gifts totalling ₦206.75 million (2022: ₦343.64 million) to the following charitable activities:

Corporate Social Responsibility Projects		
	2023	**2022**
Activities	**₦'000**	**N'000**
Adopt-a-School – Textbooks and writing materials	-	3,273
Airtel Touching Lives	188,747	299,583
5 days of Love Campaign	18,000	40,788
	206,747	**343,644**

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

9. Employment and employees

(a) Employment of disabled persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop. As at 31 December 2023, there was one disabled person in the employment of the Company.

(b) Health, safety and welfare at work

The Company places a high premium on the health, safety and welfare of its employees in their place of work. To this end, the Company has various forms of insurance policies, including workmen's compensation and Group life insurance, to adequately secure and protect its employees. The

Directors' Report (cont'd)

Company also has Safety, Health and Environment (S.H.E.) policies that employees are required to adhere to.

(c) Employees' involvement and training

The Company remains committed to engaging employees through its various online, virtual and physical communication channels through which performance on Key Business drivers are shared and recommendations received from employees.

In addition to Function-specific trainings, programmes which are targeted at enhancing Organizational Capabilities were rolled out across various employee levels. These included Project Management, Process Quality Management, and Business Analytics. Various People Management and Leadership Development interventions were also deployed, including Managerial Assessment of Proficiency (MAP), Coaching for Performance, Executive Coaching and Leadership Knowledge Series.

10. Business ethics and compliance code

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

11. Auditors

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

BY ORDER OF THE BOARD

Shola Adeyemi
Company Secretary
FRC/2016/NBA/00000014257

Plot L2,
Banana Island,
Ikoyi,
Lagos

Date: 12 July 2024

Statement of Directors' Responsibilities

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

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

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

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

Emeka Onwuka	**Carl Cruz**
Director	**Director**
FRC/2020/PRO/ICAN/006/00000020861	**FRC/2023/PRO/DIR/003/00000023359**

Certification of financial statements

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

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

We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company [and its subsidiaries] is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,
(ii) has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and
(iii) certifies that Company's internal controls are effective as of that date;

We have disclosed:

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

The financial statements of the Company for the year ended 31 December 2023 were approved by the directors on ……12 July……., 2024.

Signed on behalf of the Board of Directors on ……12 July 2024…….

_________________________	_________________________
Phanindra Nichanametla	**Carl Cruz**
CFO	**CEO**
FRC/2024/PRO/ICAN/001/665889	**FRC/2023/PRO/DIR/003/00000023359**

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Independent Auditor's Report

To the Shareholders of Airtel Networks Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Airtel Networks Limited** set out on pages 12 to 102, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statements of cash flows for the year then ended and the notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, statement of directors' responsibilities for the preparation and approval of financial statements, the Certification of financial statements and other national disclosures (Statement of value added and Financial Summary) which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

Deloitte.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020 and the Financial Reporting Council (Amendment) Act, 2023 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements
In accordance with the Fifth Schedule of the Companies and Allied Matters Act 2020, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company have kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

We are not aware of any non-compliance with laws and regulations (NOCLAR) during the year.

Stella Mba - FRC/2013/PRO/ICAN/00000001348
For: Deloitte & Touche (FRC/2022/Coy/091021)
Chartered Accountants
Lagos, Nigeria
27 **July 2024**

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Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 ₦'000	2022 ₦'000
Revenue from operations	6	1,088,075,287	893,889,359
Cost of sales	7	(448,029,539)	(378,867,861)
Gross profit		640,045,748	515,021,498
Other income	8	5,109,621	349,427
Selling and marketing costs	9	(26,771,636)	(17,214,109)
Administrative expenses	10	(32,783,081)	(19,504,592)
Other operating expenses	11	(212,612,808)	(154,087,488)
Net impairment losses on financial assets	22(e)	(1,011,654)	(5,633,090)
Results from operating activities		371,976,190	318,931,646
Finance income	12	1,463,850	7,865,870
Finance costs	13	(94,647,339)	(49,241,145)
Net Derivative and foreign exchange losses*	13(b)	(663,592,844)	(63,638,501)
Net finance costs		(756,776,333)	(105,013,776)
(Loss)/Profit before tax		(384,800,143)	213,917,870
Tax benefit/(expense)	15(a)	131,508,408	(67,713,948)
(Loss)/Profit for the year after tax		**(253,291,735)**	**146,203,922**
Other comprehensive income		-	-
Total comprehensive (Loss)/Income for the year, net of tax		**(253,291,735)**	**146,203,922**
Earnings per share			
Basic and diluted (₦)	16	(20.77)	11.99

*Included in the net derivative and foreign losses is the impact of the devaluation of Naira. Underlying profit before and after tax excluding the impact of the devaluation is presented in note 13b

The accompanying notes on pages 16 to 102 form an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2023

Assets	Notes	2023 ₦'000	2022 ₦'000
Non-current assets			
Property, plant and equipment	17	536,839,735	420,621,870
Intangible assets	18	263,765,401	233,508,021
Right of use assets	19	367,019,947	344,306,114
Investment in subsidiary	35(c)	5,050,000	5,050,000
Other financial assets	20	15,224,053	6,934,422
Deferred tax assets (net)	15(d)	155,983,824	-
Other assets	23	17,597,243	10,118,085
Total Non-current assets		**1,361,480,203**	**1,020,538,512**
Current assets			
Inventories	21	6,769,587	2,349,892
Trade and other receivables	22	83,264,471	42,001,055
Derivative financial assets	34	6,333,900	380,450
Cash and bank balance	25	17,728,107	69,747,646
Other financial assets	20	28,441,727	2,161,099
Income tax recoverable	24	1,689,547	1,677,711
Other assets	23	23,029,553	20,140,147
Total current assets		**167,256,892**	**138,458,000**
Total assets		**1,528,737,095**	**1,158,996,512**
Equity and liabilities			
Equity			
Share capital	26.1	13,286,999	13,286,999
Treasury shares	26.3	(67,553,510)	(67,553,510)
Share premium	26.2	67,235,360	67,235,360
Retained earnings	27	(89,320,276)	163,971,459
Total Equity		**(76,351,427)**	**176,940,308**
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	28	254,370,010	91,879,524
Lease liabilities	31	534,975,616	378,398,999
Deferred tax liabilities	15(d)	-	3,365,210
Provisions	29	43,719	41,481
Deferred revenue	30	647,617	606,325
Derivative financial liabilities	34	61,096,399	10,173,194
Employee benefits	32	14,177	16,479
Total non-current liabilities		**851,147,538**	**484,481,212**
Current liabilities			
Interest bearing loans and borrowings	28	94,357,988	42,397,040
Provisions	29	668,311	668,311
Trade and other payables	33	337,069,342	272,730,969
Deferred revenue	30	52,762,146	44,061,248
Derivative financial liabilities	34	71,869,588	2,706,710
Employee benefits	32	1,773,180	1,369,865
Income tax payable	15(c)	30,791,586	44,260,000
Lease liabilities	31	164,648,843	89,380,849
Total current liabilities		**753,940,984**	**497,574,992**
Total liabilities		**1,605,088,522**	**982,056,204**
Total equity and liabilities		**1,528,737,095**	**1,158,996,512**

Approved by the Board of Directors on ......12 July...... 2024 and signed on its behalf by:

Phanindra Nichanametla
Chief Finance Officer
FRC/2024/PRO/ICAN/001/665889

Carl Cruz
Managing Director/Chief Executive Officer
FRC/2023/PRO/DIR/003/00000023359

The accompanying notes on pages 16 to 102 form an integral part of these financial statements.

Statement of Changes in Equity

	Share Capital ₦'000	Treasury Shares ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
2023					
As at 1 January 2023	**13,286,999**	**(67,553,510)**	**67,235,360**	**163,971,459**	**176,940,308**
Loss for the year	-	-	-	(253,291,735)	(253,291,735)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss	**-**	**-**	**-**	**(253,291,735)**	**(253,291,735)**
As at 31 December 2023	**13,286,999**	**(67,553,510)**	**67,235,360**	**(89,320,276)**	**(76,351,427)**
2022					
As at 1 January 2022	**13,286,999**	**(67,553,510)**	**67,235,360**	**283,607,657**	**296,576,506**
Profit for the year	-	-	-	146,203,922	146,203,922
Other comprehensive income	-	**-**	-	-	-
Total comprehensive income	**-**	**-**	**-**	**146,203,922**	**146,203,922**
Transactions with owners of the Company					
Dividend (Note 27.1)	-	**-**	-	(265,840,120)	(265,840,120)
As at 31 December 2022	**13,286,999**	**(67,553,510)**	**67,235,360**	**163,971,459**	**176,940,308**

The accompanying notes on pages 16 to 102 form an integral part of these financial statements.

Statement of Cash Flows

	Note	2023	2022
Cash flows from operating activities		**₦'000**	**₦'000**
(Loss)/Profit for the year before tax		(384,800,143)	213,917,870
Non cash adjustments:			
Depreciation of property, plant and equipment	17(c)	73,286,651	62,072,953
Depreciation of right of use	19	89,201,455	59,467,841
Amortization of intangible assets	18	28,411,586	15,018,657
Finance income	12	(1,463,850)	(7,865,870)
Finance cost	13	94,647,339	49,241,145
Net Derivative and foreign exchange losses	13(b)	663,592,844	63,638,501
Gain on disposal of property, plant and equipment	8	(4,606,294)	(94,875)
Inventory provision movement	21	(341,108)	(2,277,525)
Net impairment on financial assets	22(f)	2,152,766	5,581,991
Net foreign exchange differences	38.1	(303,145,560)	(56,173,606)
Other non-cash items	38.2	85,135	(3,134,092)
		257,020,821	**399,392,990**
Changes in working capital:			
(Increase)/Decrease in Inventory	21	(4,078,587)	86,078
(Increase) in Trade and other receivables	22(f)	(43,416,181)	(19,885,909)
(Increase) in Other assets	23	(10,368,564)	(5,939,271)
Decrease/(Increase) in Income tax recoverable	24.1	(1,440,542)	(800,157)
Increase in Deferred revenue	30	8,742,190	9,223,696
Increase in Provisions	29	2,238	166,847
Increase/(Decrease) in Trade and other payables	33	195,502,511	(4,354,041)
Increase/(Decrease) in Employee benefit liability	32	401,013	(258,039)
Increase in Derivative financial liability	34	120,086,083	10,271,236
(Increase)/Decrease in Other financial asset	20	(34,570,258)	3,188,363
(Increase)/Decrease in Derivative financial asset	34	(5,953,450)	11,624
Cash generated from operating activities		**481,927,274**	**391,103,417**
Income tax paid current	15(c)	(39,880,334)	(39,768,437)
Net cash generated from operating activities		**442,046,940**	**351,334,980**
Cash flows from investing activities			
Investment in subsidiary		-	(5,000,000)
Proceeds on disposal of property, plant and equipment	17(b)	5,545,178	2,728,926
Acquisition of property, plant and equipment	17	(190,443,400)	(99,988,425)
Acquisition of intangible asset	18	(58,668,966)	(142,081,595)
Interest received	12	1,454,050	7,858,174
Net cash used in investing activities		**(242,113,138)**	**(236,482,920)**
Cash flows from financing activities			
Short term loan received – trade import facility	28(d)	35,665,559	24,713,939
Short term loan paid – trade import facility	28(d)	(57,158,864)	(38,014,731)
Term loan	28	82,429,484	116,153,436
Term loan repaid	28(a)	(86,674,950)	(74,108,237)
Shareholders loan received	28(b)	14,165,318	-
Interest paid on borrowings and lease liabilities	13(a)	(88,619,448)	(46,725,678)
Dividend paid	33(b)	(137,184,301)	(112,191,628)
Repayment of principal portion of lease liabilities	31(a)	(105,910,998)	(41,921,820)
Net cash used in financing activities		**(343,288,200)**	**(172,094,719)**
Net movement in cash and cash equivalents		(143,354,398)	(57,242,659)
Cash and cash equivalents at the beginning of year		69,747,646	127,210,769
Effect of foreign exchange on cash and cash equivalent	38.1	2,518,312	(220,464)
Cash and cash equivalents at the end of year	25(a)	**(71,088,440)**	**69,747,646**

The accompanying notes on pages 16 to 102 form an integral part of these financial statements.

Notes to the Financial Statements

1. Corporate Information

Airtel Networks Limited is a private limited liability company incorporated and domiciled in Nigeria. The registered office of the Company is located at Plot L2 Banana Island, Ikoyi Lagos, Nigeria. The principal activity of the Company is the provision of telecommunications services and products using its licensed platforms. Airtel Networks Limited is an indirect subsidiary of Bharti Airtel International (Netherlands) B.V. and has Airtel Africa Plc as its intermediate parent.

2. Basis of preparation and measurement

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS and the requirements of the Companies and Allied Matters Act of Nigeria (CAMA 2020) and Financial Reporting Council of Nigeria Act 2011.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for items measured at fair value as indicated in the policies below.
Historical cost is based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

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

(d) Use of estimate and judgement

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

(e) Current vs. non-current classification

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

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

All other assets are classified as non-current.

Notes to the financial statements

2. Basis of preparation (cont'd)

(e) Current vs. non-current classification (cont'd)

A liability is current when:

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

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

(f) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(g) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the financial statements

3. Summary of material accounting policies

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

3.1 Property, plant and equipment (PPE) and Capital Work-in-progress (CWIP)

(a) Recognition, measurement and derecognition

Items of property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The initial cost of an item of PPE comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Costs also include cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. Capital Work-In-Progress (CWIP) is stated at cost.

The Company also enters into multiple element contracts whereby the vendor supplies plant and equipment and other services. These are recorded on the basis of relative fair value. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as separate components of assets with specific useful lives and provides depreciation over their useful lives.

(b) Subsequent costs

The expenditure incurred after an item of PPE is ready to use, such as repairs and maintenance, are charged to the 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.

(c) Depreciation methods

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives from the date when it is available for use in the manner intended by management. The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end or whenever there are indicators for review, and any adjustment is done prospectively. Freehold land and capital work-in-progress are not depreciated. The attributable cost of each item of capital work-in-progress is transferred to the relevant asset category immediately when the asset is available for use and depreciated accordingly. Estimated useful lives of the assets are as follows:

Assets	**Useful life**
GSM equipment	3 - 25 years
Information system equipment	3 – 5 years
Building	20 years
Office furniture and equipment	2 - 5 years
Motor vehicles	5 years
Leasehold improvement	Period of lease or 10 –20 years, as applicable, whichever is less

Notes to the financial statements

3.1 Property, plant and equipment (cont'd)

(d) De-recognition

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the statement of comprehensive income on the date of retirement and disposal.

3.2 Intangible assets

Intangible assets are those identifiable non-monetary assets without physical substances. They include those that are acquired separately by the Company including digital mobile licence fees, and other licence fees and software. Intangible assets are measured on initial recognition at cost and subsequently, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Licences are amortised over the useful life of the intangible assets on a straight line basis from the effective date (digital mobile licence from commercial launch date) of the licence except software. Software is amortised from the date the asset is available for use. This closely reflects the expected pattern of usage of the future economic benefits embodied in the asset. Estimated useful lives of the assets are as follows:

Items	**Useful Life**
1800 MHz Spectrum	10 years
3G/2100 MHz Spectrum Licence	15 years
Universal Access Service Licence (UASL)	10 years
2600 MHz Spectrum (4G LTE)	10 years
Software Licence	3 years
3500 MHz Spectrum	10 years

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

De-recognition of intangible assets

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from its use. 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 and other comprehensive income when the asset is derecognised.

Notes to the financial statements

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

3.2 Intangible assets (cont'd)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- The intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.
Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.
Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

3.3 Impairment of 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.

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 asset belongs. If individual assets or a CGU are considered to be impaired, the impairment recognised in the financial statement of comprehensive income is measured by the amount by which the carrying value of the asset/CGU exceeds the estimated recoverable amount and is allocated on pro-rata basis.

Reversal of impairment losses

Impairment loss in respect of goodwill is not reversed. For asset excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Notes to the financial statements

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

3.4 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

In accordance with the exemption requirements of IFRS 10, Airtel Networks Limited has elected not to provide a consolidation of Airtel Mobile Commerce Nigeria Limited and Smart Cash Payment Service Bank Limited due to the following reasons:

(a) Airtel Networks Limited is an indirect subsidiary of Bharti Airtel International (Netherlands) B.V. which in turn is a subsidiary of Airtel Africa Plc and the owners of the Company has been informed and do not object to the "Airtel Networks Limited" not presenting consolidated financial statements;

(b) Airtel Networks Limited does not have any debt or equity instruments traded in a public market - either local or foreign as it is a private limited company;

(c) Airtel Networks Limited has not filed nor in the process of filing its financials with a securities commission or regulatory for purpose of issuing instruments; and

(d) Airtel Networks Limited has Airtel Africa Plc as its intermediate parent. Airtel Africa Plc is a listed entity on both the London Stock Exchange and Nigerian Stock Exchange (NSE), and prepares consolidated financial statements for public use in its listed markets in accordance with International Financial Reporting Standards (IFRSs). Airtel Mobile Commerce Nigeria Limited and Smart Cash Payment Service Bank Limited are consolidated in Financial Statements of Airtel Africa Plc.

3.5 Inventories

Inventories are defined as assets held for sale in the ordinary course of business or in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The Company's inventories primarily consist of cellular telephones, accessories, MiFis, routers and SIM packs.

Inventories are measured at the lower of cost (determined on a first in first out ('FIFO') basis) and net realisable value. Inventory costs include purchase price, freight inwards and transit insurance charges and other directly attributable costs incurred in bringing inventories to present location and condition. The cost of inventory is reduced to its net realisable value once the inventories are damaged, wholly or partly obsolete or its selling price has declined. In accordance with IAS 2.28-33, if the inventory value including the purchase price and the refurbishing costs exceeds expected net realizable value, the trade-in value is reduced to the latter. SIM inventories are measured on the lower of cost and net realisable value (NRV).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.6 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 rate method. It is remeasured when there is a change in future lease payments including 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 the 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 remeasurements 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.

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.

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.6 Leases (cont'd)

Short-term leases
The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases 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.

Sale and lease back
In sale and leaseback transactions, the company first considers whether the initial transfer of the underlying asset to the buyer-lessor is a sale by applying the requirements of IFRS 15. If the transfer qualifies as a sale and the transaction is on market terms, the company derecognises the asset, recognises a right-of-use asset (and lease liabilities) and recognises a portion of the total gain or loss on the sale in the statement of comprehensive income. The right-of-use asset is recognised at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The amount recognised is calculated by splitting the total gain or loss into:

- an amount recognised in the consolidated statement of comprehensive income relating to the buyer lessor's rights in the underlying asset, and
- an unrecognised amount relating to the rights retained by the seller-lessee which is deferred by way of reducing the right-of-use assets initially recognised.

(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 Group 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 leases. 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.

Notes to the financial statements

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

3.7 Financial instruments

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 into 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 company does not have any financial instruments classified as fair value through other comprehensive income.

The classification depends on the entity's 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 with embedded derivatives are considered in their entirety for determining the contractual terms of the cash flow and accordingly, embedded derivatives are not separated. However, derivatives embedded in non-financial instrument /financial liabilities (measured at amortised cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

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.

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Measurement – Non-derivative financial instruments - 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.

The transaction price is generally the best evidence of the financial instrument's initial fair value. However, it is possible for an entity to determine that the instrument's fair value is not the transaction price. The difference between the transaction amount and the fair value (if any) is accounted for as follows:

- The difference is recognised as a gain or loss in the statement of comprehensive income only if fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets.
- In all other cases, an entity recognises the instrument at fair value and defers the difference between the fair value at initial recognition and the transaction price in the statement of financial position.

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 the 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 receipts or payments 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 (based on the EIR method)and dividend income from financial assets at FVTPL is recognised
  in 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.

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.7 Financial instruments (cont'd)

However, in case of trade receivables and contract assets, the company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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).

Measurement – derivative financial instruments
Derivative financial instruments, including separated embedded derivatives that are not designated as hedging instruments in a hedging relationship 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.

In cases, where the initial fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on observable inputs, on subsequent measurement, the difference between initial fair value and transaction price is recognised in profit or loss on an appropriate basis (e.g. straight line) over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.8 Employee benefits

(a) Short term benefits

Liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

(b) Defined contributions: Pension

In line with the provisions of the Pension Reform Act 2014 of Nigeria, the Company operates a contributory pension scheme (which is a defined contribution plan) for all its employees. Under the scheme, every employee contributes 8% and the Company contributes 10% of employee's annual insurable earnings (basic pay, transport and housing) to the pension fund which manages the funds for the benefit of the employee.

Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to profit or loss as employee cost. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits under the scheme.

(c) Defined benefit obligation (Long service award/Leave absence):

The valuation has been carried out using the Project Unit Credit Method as per IAS19 *Employee Benefits* to determine the Present Value of Defined Benefit Obligations and the related Current Service Cost and, where applicable, Past Service Cost.

The company recognises service costs within profit or loss as employee benefit expenses. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Interest cost is calculated by applying a discount rate to the defined benefit liability and is recognised within finance costs. Remeasurements comprising actuarial gains and losses are recognised immediately as a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are subsequently not reclassified to profit or loss.

3.9 Foreign currency transactions

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

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

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

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

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.10 Revenue recognition

Revenue is recognised upon the 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 for 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 receivable from the intermediary. To the extent that the intermediary is considered to be an agent, the consideration to which the company is entitled is determined to be the amount receivable from the ultimate customer. Any 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 within the contract are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately.

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:

(a) Sales of goods

Revenue from sale of handsets and device is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

(b) Service revenues

Service revenue is derived from the provision of telecommunications services and mobile money services to customers. The majority of the company's customers subscribe to services on a pre-paid basis. Telecommunications service revenue mainly pertains to usage, subscription charges for voice, data, messaging and value added services and customer onboarding charges.

Telecommunications services 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 primarily pay in advance for services of the company. These cash amounts are recognised in deferred income in the consolidated 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.

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.10 Revenue recognition (cont'd)

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

Subscription charges are recognised over the subscription pack validity period.

Revenue 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 revenue also includes revenue from interconnection/roaming charges for use of the company's network by other operators for voice, data, messaging and signaling services.

Revenue from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on the provision of services, provided over the period of the 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 Group
's network i.e. when the service is rendered.

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

(c) Customer loyalty programme

The Company has a customer loyalty programme through which credits (points) are awarded to customers on recharges. These credits (points) entitle customers to data, sms and voice services upon redemption which creates a material right and is therefore considered as a separate performance obligation. Revenue on customer loyalty is recognised on the basis of the fair value of the consideration received or receivable in respect of the initial sale allocated for award credits (points) and the consideration allocated to the award points is measured by reference to their respective fair value. If the Company supplies the awards, it recognises the consideration allocated to award points as revenue when award points are redeemed and the obligation to supply the awards is fulfilled.

A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. If a third party supplies the awards, the Company assesses whether it is acting in the capacity of a principal or agent in the transaction, in which case, it measures revenue as the net amount of the difference between the consideration allocated to the award points and the amount payable to the third party for supplying the awards. Where the award is supplied by the Company, it measures revenue as the gross consideration allocated to the award points and recognises the revenue when the obligation is fulfilled.

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.10 Revenue recognition (cont'd)

(d) Interest income

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

(e) Equipment sales

Equipment sales mainly pertain to sale of telecommunications 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.

(f) Customer acquisition cost

The Company recognises the cost it incurs to obtain a contract with a customer as an asset in the period these costs are incurred. The amount is amortised over the average anticipated customer life in the profit or loss. The unamortised amount is presented in the statement of financial position as "Other assets". The churn rate is used to estimate the average customer life.

3.11 Taxation

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

Current income tax

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

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

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

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.11 Taxation (cont'd)

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

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

(a) Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. However, the deferred tax is not accounted for if it arises from the 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

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

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

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

(b) Current tax and deferred tax for the year

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

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.11 Taxation (cont'd)

(c) Value added tax

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

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

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

3.12 Borrowing costs

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

3.13 Provisions and contingencies

(a) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources 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 the discount sale due to the passage of time is recognised within finance costs.

Provision for legal matters

The company is involved in various legal matters, the outcome of which may not be favourable to the company. Management, in consultation with legal advisers, assesses 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.

Asset retirement obligation (ARO)

AROs are recognised for those lease arrangements where the company has an obligation at the end of the lease period to restore the leased premises to a condition similar to that at inception of the lease.
AROs 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 change in the estimated future costs or in the discount rate applied are adjusted against the cost of the asset.

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.11 Taxation (cont'd)

(b) 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.

3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with (The company has grant majorly base Transceiver Stations constructed at qualifying location). The grant is granted by the Federal Government of Nigeria under the Universal Service Provision Fund (USPF) Projects for;

(a) BTS Expansion Project for the construction of BTS in rural and unserved areas where there are currently no service providers
(b) Community Communications Centre (CCC) project for the establishment of CCCs in 109 rural communities nationwide to provide internet access, voice, ICT training, emergency calls and other services; and
(c) The School Access Programme for the provision of internet enabled personal computers and internet access to participating schools.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

3.15 Dividends

Dividends to shareholders of the company are 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.

3.16 Earnings per share

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

Notes to the financial statements

3 Summary of material accounting policies (cont'd)

3.17 Cash and cash equivalent

Cash and cash equivalents include cash in hand, wallet balances, bank balances, cheques in hand and any deposits with original maturities of three months or less i.e. that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of a change in value. However, for the purpose of the statement of cash flows, in addition to the above items, any bank overdrafts that are integral part of the Group's cash management and balances held under mobile money trust are also included as a component of cash and cash equivalents.

Term deposits with an original maturity of more than three months are presented within other bank balances.

3.18 Treasury Share

The company is the sponsoring entity of an Employee Benefit Trust (EBT) which is controlled by the Group. The company provides funds to the EBT to enable it to satisfy its objectives. The company's equity instruments held by the EBT are accounted for as if they were the company's own equity and are treated as treasury shares. Such treasury shares are recorded at cost and deducted from equity. Refer to Note 26.3 for details of treasury shares held by the EBT.

Notes to the financial statements

4. Material accounting judgments, estimates and assumptions

4.1 Judgements

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

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with any future tax planning strategies. Refer to Note 15 for the disclosure of deferred tax assets recognition.

4.2 Estimates and assumptions

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

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(a) **Revenue recognition and presentation**

The Company assesses its revenue arrangements in line with the requirements of IFRS 15 – *Revenue from Contracts with Customers* which requires the identification of performance obligation, allocation of transaction price amongst performance obligation, and recognising revenue upon satisfaction of each performance obligation agreed with the customer. The Company also assess whether it has exposure to sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of principal, revenue derived from these transactions are reported gross while the commission is expensed through profit or loss. Otherwise, the net revenue is reported.

Customer loyalty programme

The Company estimates the fair value of points awarded under the loyalty management programme by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences. As at 31 December 2023, the estimated liability for unredeemed points was approximately ₦258.08 million (2022: ₦743.23 million) disclosed as part of deferred revenue liability.

Notes to the financial statements

4. Material accounting judgments, estimates and assumptions (cont'd)

4.2 Estimates and assumptions (cont'd)

(b) _Multiple obligation with customers_

The Company has entered into certain multiple performance obligation revenue arrangements. These arrangements involve the delivery or performance of multiple products, services or rights to use assets. The Company evaluates all deliverables in an arrangement to determine whether they represent separately identifiable components at the inception of the arrangement. The evaluation is done based on the criteria as to whether the deliverables in the arrangement have value to the customer on a standalone basis. Total consideration related to the multiple element arrangements is allocated among the different components based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables).

(c) Customer acquisition cost

IFRS 15 requires to recognize an asset for customer acquisition cost if the customer life is more than 12 months and then amortise that asset over the customer life. Customer Acquisition costs are cost which would not have been incurred if no new customer would have been acquired. Management has assessed these costs to be the following: Gross acquisition commission costs, KYC costs and SIM and related packing costs.

(d) Property, plant and equipment (PPE)

The Company carries its property, plant and equipment at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Multiple element contracts with vendors

The Company has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the material accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Company has economic ownership in these assets. The Company believes that the current treatment represents the substance of the arrangement.

Notes to the financial statements

4. Material accounting judgments, estimates and assumptions (cont'd)

4.2 Estimates and assumptions (cont'd)

(e) Impairment of non-financial assets

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

Allowance for accounts receivable and advances

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. A large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. The Company writes off individual trade receivables when management considers them as uncollectible. The assessment of the age analysis of receivable balances couple with the use of past experience in the calculation of impairments, involve high degree of estimation.

(f) Measurement of loans and borrowings

The Company obtained all its loans at market rates, though tied to Nigeria Interbank Offer Rate (NIBOR) and London Interbank Offer Rate (LIBOR) for local and foreign loans respectively. The re-measurement of those loans are based on a floating interest rates using weighted average of 90 and 180 days of previous NIBOR and LIBOR for repayments of interest while principal is on a straight line basis over the terms of the instruments. Market rate assumes re-measurement using the Effective Interest Rates (EIR) as against floating rates used by management. The judgement is that management has used floating interest rates which approximates to EIR, the impact which is not significantly different from the fair value of those loans. The Company's financial assets such as staff loans are recognised at their fair value amount using applicable market rates and subsequently carried at amortised cost.

(g) Asset Retirement Obligations (ARO)

In determining the present value of the ARO provision the Company uses technical estimates to determine the expected cost of dismantlement and removal of the infrastructure equipment from the site and the expected timing of these costs. The timing and amount of future expenditures are reviewed annually together with the discount rates used in discounting the cash flows. The discount rate used to calculate the obligation at the end of 2023 was 13.82% (2022: 13.82%). The discount rate represents the real rate determined using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the liability.

(h) Inventory Obsolescence

The Company provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

Notes to the financial statements

4. Material accounting judgments, estimates and assumptions (cont'd)

4.2 Estimates and assumptions (cont'd)

(i) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

(j) Taxation provisions

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

5. Adoption of new and revised standards

5.1 Standards that became effective on 1 January 2023

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

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

The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates and the impact of policyholders' options and guarantees.
The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

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

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

Notes to the financial statements

5. Adoption of new and revised standards (continued)

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

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

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

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

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

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

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

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

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

Notes to the financial statements

5. Adoption of new and revised standards (continued)

5.2 Standards issued but not yet effective

The following pronouncements issued by the IASB are relevant to the Company and effective for annual periods beginning on or after 1 January 2023. 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:

5.2.1 Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

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

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

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

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

Notes to the financial statements

5. Adoption of new and revised standards (continued)

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

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

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

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

Notes to the financial statements

5. Adoption of new and revised standards (continued)

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

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

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

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

• The terms and conditions of the arrangements

• The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements

• The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers

• Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement

• Liquidity risk information

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

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

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

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

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

Notes to the financial statements

5. Adoption of new and revised standards (continued)

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

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

Notes to the financial statements

6 Revenue from operations

	2023 ₦'000	2022 ₦'000
Airtime revenue (Note 6(a))	898,220,884	736,596,435
Interconnect revenue	163,454,936	138,082,054
SIM connection	4,110,425	4,323,117
Roaming	6,348,487	3,859,465
Leased line revenue (Note 6(b))	13,409,787	10,416,427
Device sales	2,530,768	611,861
	1,088,075,287	**893,889,359**

The Company derives its revenue from contracts with customers for the transfer of goods and services in the above product lines.

(a) Airtime revenue includes revenue from voice, data and value added services earned by the Company. Airtime revenue is stated net of upfront commissions paid to channel partners of ₦36.58 billion (2022: ₦30.33 billion).

(b) Leased line income relates to income generated from bandwidth and information technology capacity sold to corporate customers. The rentals are paid on monthly or quarterly basis as per the contract terms and recognised over the periods of connectivity. These rentals have no escalation clauses and they are cancellable at the option of the customer. There are no future commitments or restrictions placed upon the customer by entering into contract. This is not a lease as it did not meet definition of a non-cancellable lease. Hence, these are assessed as a service income rather than a lease income.

7 Cost of sales

	2023 ₦'000	2022 ₦'000
Transmission cost	256,749,255	209,567,558
Interconnect cost	133,813,555	122,428,241
Handsets cost	3,422,279	1,656,410
Regulatory fees (Note 7(b))	30,771,856	25,854,331
Roaming cost	2,673,360	1,186,425
Bandwidth cost	3,709,603	2,470,457
VAS content provider cost	14,550,023	11,573,685
Other dealer commissions (Note 7(a))	2,339,608	4,130,754
	448,029,539	**378,867,861**

(a) Other dealer commissions such as tailing commission are other commissions given to dealers other than one-off commissions accounted as customer acquisition costs and upfront commissions netted off from revenue in Note 6 (a).

Notes to the financial statements

7. Cost of sales (cont'd)

(b) **Regulatory fees –** This includes annual operating levy, spectrum fees and annual numbering plan fees paid to Nigerian Communications Commission (NCC).

	2023	2022
	₦'000	₦'000
NCC annual levy	24,236,321	19,832,848
Spectrum costs	4,282,207	3,816,483
Annual numbering fees	2,253,328	2,205,000
	30,771,856	**25,854,331**

8 Other income

	2023	2022
	₦'000	₦'000
Sale of scrap & Miscellaneous (Note 8(a))	467,839	235,983
Gain on disposal of property, plant & equipment (Note 17(b)) *	4,606,294	94,875
Government grants income (Note 8(b) & Note 30(a))	25,623	18,569
Other Income	9,865	-
	5,109,621	**349,427**

* Included in the gain on disposal is the one-time sale of a fibre to a third party.

	N' 000
Sales Proceed	5,175,735
NBV of Asset (Fibre)	(616,420)
Profit on disposal	**4,559,315**

(a) Sale of scrap& Miscellaneous items relate to network scrap items sold to third parties and bad debt recovered

(b) **Government grants** income relates to amount amortised during the year on deferred grants. Unamortised portion of the grant is shown in Note 30(a).

9 Selling and marketing costs

	2023	2022
	₦'000	₦'000
Customer acquisition expenses (Note 9(a), 23(c))	14,399,868	6,854,797
Advertising media	5,041,220	5,962,927
Dealer merchandising (POS)	2,479,695	1,785,689
Field marketing	2,199,153	1,356,843
Selling and marketing campaigns	1,192,187	580,890
Airtel relationship centre expenses	229,780	222,936
Repairs and maintenance	70,324	53,610
Sales force training	152,619	131,591
Promotional expenses	918,403	129,330
Printing	88,387	135,496
	26,771,636	**17,214,109**

Notes to the financial statements

9. Selling and Marketing (cont'd)

(a) **Customer acquisition expenses:** These relates to amortisation of one-off costs such as sim card, customer verification/know your customer (KYC) and other SIM related costs which are directly identifiable and incurred solely on acquisition of new subscribers. The Company expects to recover these costs by means of earning the revenue from those customers over the customer life of 24 months. The deferred portion is detailed in Other assets - Note 23(c).

Notes to the financial statements

10 Administrative expenses

	2023	2022
	₦'000	₦'000
Customer service delivery	1,106,443	1,095,422
Rent	602,996	528,110
Bank charges	1,461,287	1,459,170
Legal fees	819,668	579,597
Statutory audit fees*	124,373	97,768
Management Fee**	25,376,121	13,113,634
Conveyance	805,696	559,466
Office maintenance and utilities	793,734	570,642
Insurance	255,995	192,015
Internal audit fees	171,653	69,357
Directors' fees	34,435	41,662
Subscriptions	53,566	68,487
Staff Welfare	830,393	610,121
Consumables	132,701	95,313
Other administrative expenses***	214,020	423,828
	32,783,081	**19,504,592**

* The audit fees represent auditors' remuneration as agreed with **Deloitte & Touche** for the final audits of Airtel Networks Limited for the year ended 31 December 2023 and 2022 respectively. The independent auditors report was signed by **Stella Mba**, a Partner with the firm, with Financial Reporting Council (FRC) membership number **FRC/2013/PRO/ICAN/004/00000001348**. Airtel does not have any professional engagement other than audit with Deloitte for the year 2023 and 2022.

**Management fee is dollar denominated and it increased because of increase in the foreign exchange rate

***Other administrative expenses relate to courier expenses &maintenance charges ₦ 7.3 million (2022: ₦ 80.2 million) and corporate social responsibility donations ₦ 206.7 million (2022: ₦ 343.6 million)

11 Other operating expenses

	2023	2022
	₦'000	₦'000
Depreciation of property, plant and equipment - (Note 17)	73,286,651	62,072,953
Depreciation of right of use assets (Note 19)	89,201,455	59,467,841
Amortisation of intangible assets (Note 18)	28,411,586	15,018,657
Employee costs*	20,964,238	18,424,492
Travel costs	636,178	286,844
Other regulatory cost (Note 42)	-	20,000
Inventories written down/(reversal)	72,937	(1,219,702)
Allowance of trade advances	3,760	16,403
Other Expenses	36,003	-
	212,612,808	**154,087,488**

Notes to the financial statements

11 Other operating expenses (cont'd)

***Employee cost**

	2023 ₦'000	2022 ₦'000
Basic salaries	12,650,403	11,525,414
Allowances	4,177,729	2,943,323
Regulatory Contribution*	1,007,395	984,165
Bonus and incentives	2,983,599	2,949,736
Other employee cost**	145,112	21,854
	20,964,238	**18,424,492**

*Regulatory contribution relates to Employer Pension Contribution, Industrial Trust Fund and Nigeria Social Insurance Trust Fund

**Other employee cost relates to employee professional and social subscription payment during the year.

Information relating to employees is detailed in Note 40.

12. Finance income

	2023 ₦'000	2022 ₦'000
Interest income - banks	368,678	195,983
Interest income - Employee loans*	9,800	7,696
Interest Income - Subsidiaries	391,367	141,291
Interest income – fixed deposit	694,005	7,520,900
	1,463,850	**7,865,870**

* The employee loan is interest free and it is a notional adjustment as per IFRS 9.

13. Finance costs

Interest on debts and borrowings	24,160,747	5,926,928
Interest on trade import facility	4,648,469	1,084,494
Interest on lease Liability (Note 31(c))	65,830,393	42,222,811
Other finance charges*	2,238	2,508
Interest on long service award & leave encashment (Note 32)	5,492	4,404
	94,647,339	**49,241,145**

*Other finance charges relate to unwinding of discount for the asset retirement obligation (Note 29.1).

Notes to the financial statements

13. Finance costs (contd)

13a. Interest Paid

	2023	2022
	₦'000	₦'000
Interest paid on debts and borrowings	20,966,730	5,926,928
Interest on trade import facility	1,672,220	-
Interest paid on lease (Note 31(a))	65,980,498	40,798,750
	88,619,448	**46,725,678**

13b Net Derivative and foreign exchange losses

	2023	2022
	₦'000	₦'000
Net Derivative and foreign exchange losses	663,592,844	63,638,501

In June 2023, the Central Bank of Nigeria (CBN) announced changes to the operations in the Nigerian Foreign Exchange Market, including the abolishment of segmentation, with all segments now collapsing into the Investors and Exporters (I&E) window and the reintroduction of the 'Willing Buyer, Willing Seller' model at the I&E window. As a result of this CBN decision, the Nigerian Naira devalued against the US Dollar by approximately 62% (i.e. US Dollar appreciated against Nigerian Naira by approximately 38%) in the month of June 2023. Nigeria Naira was at NGN 752 per USD at the end of the month of June 2023.

In the month of June 2023, the devaluation of the Naira against the US Dollar resulted in a foreign exchange loss of N284.47b on the translation of US Dollar monetary items held by the company at the new exchange rate referenced above and a loss on derivative financial instruments primarily on account of fair value changes considering the foreign exchange movement referenced above.

This change announced by CBN led to a material impact on the company's financial statements and the impact of this change is of such size, nature and incidence that the results need to be presented before and after this impact to assess the underlying performance of the company and to improve the comparability between periods.

Below is the impact of such devaluation on Company's profit before tax and profit after tax:

	2023	2022
	N'000	N'000
(Loss)/Profit before tax **(as in the Statement of Profit or Loss and other Comprehensive Income)**	(384,800,143)	213,917,870
Impact of Naira devaluation	284,470,109	-
Underlying (loss)/profit before tax	**(100,330,034)**	**213,917,870**

(Loss)/Profit after tax **(as in the Statement of Profit or Loss and other Comprehensive Income)**	(253,291,735)	146,203,922
Impact of Naira devaluation (net of tax)	190,595,095	-
Underlying (loss)/profit after tax	**(62,696,640)**	146,203,922

Notes to the financial statements

14. Profit before tax is after charging/(crediting):

	2023	2022
	₦'000	**₦'000**
Depreciation of Property, Plant & Equipment (Note 17(c))	73,286,651	62,072,953
Depreciation of right of use asset (Note 19)	89,201,454	59,467,841
Amortisation of intangible assets (Note 18)	28,411,586	15,018,657
Finance Income (Note 12)	1,463,850	7,865,870
Finance costs (Note 13)	94,647,339	49,241,145
Net Derivative and foreign exchange losses (Note 13b)	663,592,844	63,638,501
Impairment of trade and other receivables (Note 22e)	1,011,654	5,633,090
Inventories written down/(reversal) (Note 11)	72,937	(1,219,702)
Statutory audit fee (Note 10)	124,373	97,768
Directors' fees (Note 10)	34,435	41,662
(Gain)/Loss on disposal of property, plant & equipment (Note 17(b))	(4,606,294)	(94,875)

Notes to the financial statements

15. Taxation

(a) Tax expense

The income tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2023 ₦'000	2022 ₦'000
Income tax	21,152,141	30,624,015
Education tax	6,303,049	7,617,309
National Information Technology Development tax (Note 15(c)(i))	-	2,139,179
Nigeria Police Trust Fund Levy	-	10,697
Prior year under provision (Note 15(c)(ii))	-	18,327
National Agency for Science and Engineering Infrastructure Levy (Note 15(c)(iii))	-	534,795
Capital Gains Tax	385,436	
	27,840,626	40,944,322
Deferred tax (benefit)/expense (Note 15(d))	(159,349,034)	26,769,626
	(131,508,408)	**67,713,948**

(b) Reconciliation of effective tax rate

	2023 ₦'000	%	2022 ₦'000	%
(Loss)/Profit before tax	**(384,800,143)**		**213,917,870**	
Income tax using statutory tax rate	(115,440,043)	30%	64,175,361	30%
Impact of tertiary education tax	6,303,049	-2%	7,617,309	4%
Impact of NITDA Tax	-	0%	2,139,179	1%
Impact of Nigeria Police Trust Fund Levy	-	0%	10,696	0%
National Agency for Science and Engineering Infrastructure Levy	-	0%	534,795	0%
Effect of tax incentives	(2,519,477)	1%	(3,601,756)	-2%
Effect of proceed taxed under capital gains tax	(770,877)	0%	-	-
Non-deductible expenses	(2,940)	0%	(768,311)	0%
Prior year under provision	-	0%	18,327	0%
Impact of Rate change	(1,775,158)	0%	(144,648)	0%
Effect of IFRS 16 lease and other items	(1,318,283)	0%	(1,318,283)	-1%
Effect of change in education tax from 2.5% to 3% (2022: 2% to 2.5%) on Non-PPE Items	(15,984,679)	4%	(948,721)	0%
	(131,508,408)	**33%**	**67,713,948**	**32%**

Notes to the financial statements

15. Taxation (cont'd)

(c) **Movement in Income tax payable**

	2023	2022
	₦'000	**₦'000**
Balance as at 1 January	44,260,000	43,084,116
Charge for the year:		
Income tax	21,152,141	30,624,015
Education tax	6,303,049	7,617,309
NITDA (Note 15(c)(i))	-	2,139,179
Nigeria Police Trust Fund Levy	-	10,696
Prior year under provision(Note 15(c)(ii)	-	18,327
Capital gains tax	385,436	-
National Agency for Science and Engineering Infrastructure Levy (Note 15(c)(iii)	-	534,795
	27,840,626	40,944,321
Payments during the year	(39,880,334)	(39,768,437)
Withholding tax credit notes utilized	(1,428,706)	-
Balance as 31 December	**30,791,586**	**44,260,000**

(i) **National Information Technology Development Agency (NITDA) Act (NITDA)**
National Information technology tax is imposed on companies engaging in information communication technology. Section 12(2) of the National Information Technology Development Agency (NITDA) Act provides that certain companies are under obligation to pay information technology tax and such companies include telecommunications companies. The tax is payable by specified companies with turnover of N100 million and above. Tax is 1% of profit before tax for the year. The tax when paid is tax deductible for company income tax purposes. NITDA has therefore been included in the tax note.

(ii) **Prior year under provision**
The Company provides for current tax in the books on a monthly basis. However, final tax returns is based on the audited financial position for the year.

(iii) **National Agency for Science and Engineering Infrastructure Levy**
National Agency for Science and Engineering Infrastructure levy is imposed on companies operating in banking, mobile telecommunication, ICT, oil and gas, aviation and maritime industries with turnover of N100m and above. Finance Act 2022 provides clarity on companies liable to the National Agency for Science and Engineering Infrastructure levy of 0.25% of profit before tax. The tax when paid is tax deductible for company income tax purposes. NASEI has therefore been included in the tax note.

Notes to the financial statements

15. Taxation (cont'd)

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

	2023	2022
	₦'000	**₦'000**
Deferred tax (liabilities)/assets at 1 January	(3,365,210)	23,404,416
Movement during the year:		
Deferred tax (expenses)/benefit:		
Property, plant and equipment	(16,581,959)	(38,443,863)
Foreign exchange	168,845,781	5,693,164
Employee benefits	55,658	(72,580)
Provisions	457,994	1,494,015
IFRS 16 - lease and deferred gain	5,809,292	4,559,638
	158,586,766	**(26,769,626)**
Impact of Rate change:		
Foreign exchange loss	425,620	-
Employee benefits	8,902	-
Provisions	68,068	-
IFRS 16 - lease and deferred gain	259,678	-
	762,268	**-**
Deferred tax assets/(liabilities) at 31 December	**155,983,824**	**(3,365,210)**

Deferred tax assets/(liabilities) are attributable to the following:

Property, plant and equipment	(70,902,013)	(54,320,054)
Foreign exchange	196,936,719	27,665,318
Employee benefits	643,220	578,662
Provisions	4,716,298	4,190,235
IFRS 16 - lease and deferred gain	24,589,600	18,520,629
Net deferred tax assets/(liabilities)	**155,983,824**	**(3,365,210)**

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The Company has, accordingly, recognised a deferred tax asset of ₦155.98 billion (2022: ₦3.37 billion deferred tax liabilities) relating to net deductible temporary difference that are considered to be realisable against the Company's taxable profits, which is expected to arise in future periods. The unrecognised portion of deferred tax asset as at 31 December 2023 is Nil (2022: Nil).

Notes to the financial statements

16. Earnings per share

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

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

	2023 ₦'000	2022 ₦'000
Net (Loss)/profit attributable to ordinary equity holders	(253,291,735)	146,203,922
	Number of shares '000	**Number of shares '000**
Weighted average number of shares N1 each (Note 16(a))	**12,194,501**	**12,194,501**
Earnings per share (₦)	(20.77)	11.99

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

There was no change in basic and diluted earnings per share as a result of changes in accounting policy.

16 (a) Weighted average number of shares

	2023			2022		
	Outstanding shares ₦'000	**Period covered %**	**Weighted shares ₦'000**	**Outstanding shares ₦'000**	**Period covered %**	**Weighted shares ₦'000**
Shares	12,194,501	100	12,194,501	12,194,501	100	12,194,501
Weighted Balance		**100**	**12,194,501**		**100**	**12,194,501**

Notes to the financial statements

17. Property, plant and equipment

Cost	GSM Equipment ₦ '000	Information System Equipment ₦ '000	Land ₦ '000	Building ₦ '000	Office Furniture & Equipment ₦ '000	Motor Vehicles ₦ '000	Capital work in- progress ₦ '000	Total ₦ '000
As at 1 Jan 2022	**806,042,929**	**72,009,195**	**1,236,246**	**7,155,191**	**13,518,276**	**272,410**	**42,519,112**	**942,753,359**
Additions	-	-	-	-	-	-	99,988,425	99,988,425
Disposals	(3,353,898)	(2,360,371)	-	-	(1,258,466)	(93,150)	-	(7,065,885)
Transfers from CWIP	113,489,258	8,033,189	-	-	904,586	88,961	(122,515,994)	-
Balance at 31 Dec 2022	**916,178,289**	**77,682,013**	**1,236,246**	**7,155,191**	**13,164,396**	**268,221**	**19,991,543**	**1,035,675,899**
Additions	-	-	-	-	-	-	190,443,400	190,443,400
Disposals	(16,376,156)	(356,035)	-	(12,066)	(170,042)	0	-	(16,914,299)
Transfers from CWIP	135,598,445	3,744,336	-		511,094	163,125	(140,017,000)	-
Balance at 31 Dec 2023	**1,035,400,578**	**81,070,314**	**1,236,246**	**7,143,125**	**13,505,448**	**431,346**	**70,417,943**	**1,209,205,000**
Accumulated Depreciation								
As at 1 Jan 2022	**(474,554,096)**	**(67,253,911)**	**-**	**(5,273,520)**	**(10,077,312)**	**(254,071)**	**-**	**(557,412,910)**
Depreciation	(57,687,780)	(3,152,544)	-	(201,727)	(1,010,364)	(20,538)	-	(62,072,953)
Disposals	3,106,515	647,760	-	-	600,537	77,022	-	4,431,834
Balance at 31 Dec 2022	(529,135,361)	(69,758,695)	-	(5,475,247)	(10,487,139)	(197,587)	-	(615,054,029)
Depreciation	(67,107,181)	(4,959,683)	-	(196,944)	(995,934)	(26,909)	-	(73,286,651)
Disposals	15,487,477	306,859	-	11,871	169,208	-	-	15,975,415
Balance at 31 Dec 2023	(580,755,065)	(74,411,519)	-	(5,660,320)	(11,313,865)	(224,496)	-	(672,365,265)
Net Book Value								
As at 31 Dec 2023	**454,645,513**	**6,658,795**	**1,236,246**	**1,482,805**	**2,191,583**	**206,850**	**70,417,943**	**536,839,735**
As at 31 Dec 2022	387,042,928	7,923,318	1,236,246	1,679,944	2,677,257	70,634	19,991,543	420,621,870

Notes to the financial statements

17. Property, plant and equipment (cont'd)

Capital Work in Progress Breakdown		
Particulars	**2023**	**2022**
GSM Equipment	55,694,447	19,455,100
Information Systems Equipment	2,574,318	525,664
Land	8,117,677	8,889
Office Furniture & Equipment	4,031,501	1,890
Grand Total	**70,417,943**	**19,991,543**

(a) LTE Roll-Out (Modernization")

During the year ended 2023, the Company continued with its Radio Access Network (RAN) modernization of Networks through the upgrade of the 3G services to 4G Long Term Evolution (LTE). Existing RAN equipment were swapped with new LTE equipment from Nokia, ZTE and Huawei. A total of 21 sites (2022: 8,971 sites) have been fully swapped taking the completion percentage to 99.9%.

(b) Disposal of property, plant and equipment

	2023	**2022**
	₦'000	**₦'000**
Cost of assets disposed	16,914,299	7,065,885
Accumulated depreciation of assets disposed	(15,975,415)	(4,431,834)
Net book value of assets disposed	**938,884**	**2,634,051**
Gain on sale of property, plant & equipment (Note 8)	4,606,294	94,875
Gain on disposal of property, plant and equipment	**4,606,294**	**94,875**
Sales proceeds on disposal	**5,545,178**	**2,728,926**

(c) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is shown in the statement of profit or loss as follows:

	2023	**2022**
	₦'000	**₦'000**
Operating expenses (Note 11)	73,286,651	62,072,953
Total depreciation as per property, plant and equipment	**73,286,651**	**62,072,953**

(d) Capital Work in progress:

The carrying value of the capital work in progress amounts to ₦70.42 billion (2022: ₦19.99 billion). The land value in CWIP is undergoing title perfection before ready for use.

(e) Impairment of property, plant and equipment

There is no impairment of property, plant and equipment during the year.

Notes to the financial statements

18. Intangible assets

Airtel Networks Limited has since gotten Spectrum frequency licence: 2600MHz 4G/LTE and 3500MHz 5G for 10years each from 26th January 2023 to 25 January 2033 and 1st March 2023 to 28 February 2033, respectively. The business has also gotten 2100MHz for 15years from April 2023 to March 2038

In 2021, the Company held five licenses for the provision of telecommunication services in Nigeria namely the Digital Mobile Licence (DML) which was issued on February 2001 for a tenor of 15 years. This has now been discontinued by Nigerian Communications Commission (NCC). However, the Spectrum associated with the DML (900 and 1800 MHz) has been subsumed under the Universal Access Service Licence (UASL) and renewed in November 2021 for another 10 years from 1st December 2021 to 30th November 2031. Other licenses include the Universal Access Service Licence (UASL) issued on 1 December 2006 for a tenor of 15 years and it was upon expiry, subsequently renewed for a period of ten years from 1st December 2021 to 30th November 2031; the NCC renewed Airtel's spectrum frequency licence in the 2100MHz band for a period of 15 years to 30 April 2037.

The NCC administratively assigned additional 2600 MHz (4G) spectrum licence for a period of 10 years from 26 January 2023 to 25 January 2033. The Company also acquired additional 10 MHz spectrum in the 900 MHz band from Intercellular which is valid till 3 October 2026. The Company participated in a competitive spectrum auction in December 2023 and emerged a sole bidder and acquired a slot of 100MHz bandwidth in the 3500MHz (5G) Licence valid for 10 years from 1 March 2023 to 28 February 2033. These are all capitalised as intangible assets and amortised over the period of the licences as stated in Note 3.2. The intangible assets also include software that is separately identifiable, and costs is measurable. Software is amortised over its useful life.

Notes to the financial statements

18. Intangible assets (cont'd)

The movement on this account during the year for the Company was as follows:

Cost	**900 & 1800 MHz Spectrum ₦'000**	**2600 MHz Spectrum ₦'000**	**3500 MHz ₦'000**	**3G/2100 MHz Licence ₦'000**	**Intangible under development* ₦'000**	**Software licence ₦'000**	**10 MHz Spectrum ₦'000**	**National Destination Code ₦'000**	**Total ₦'000**
As at 1 Jan. 2022	93,285,756	12,672,000	-	19,020,000	-	38,224	35,668,979	577,500	161,262,459
Additions	-	-	-	-	141,504,095	-	-	577,500	142,081,595
As at 31 Dec. 2022	**93,285,756**	**12,672,000**	**-**	**19,020,000**	**141,504,095**	**38,224**	**35,668,979**	**1,155,000**	**303,344,054**
Additions	-	-	58,659,955	-	9,011	-	-	-	58,668,966
Reclassification			127,234,095	-	(141,504,095)		14,270,000		-
As at 31 Dec. 2023	**93,285,756**	**12,672,000**	**204,914,050**	**19,020,000**	**9,011**	**38,224**	**49,938,979**	**1,155,000**	**362,013,020**
Accumulated Amortisation									
As at 1 Jan. 2022	**(23,092,370)**	**(3,266,946)**	**-**	**(18,423,100)**	**-**	**(33,208)**	**(9,424,252)**	**(577,500)**	**(54,817,376)**
Amortisation	(8,426,788)	(1,267,200)	-	(596,900)	-	(5,016)	(4,712,126)	(10,627)	(15,018,657)
As at 31 Dec. 2022	**(31,519,158)**	**(4,534,146)**	**-**	**(19,020,000)**	**-**	**(38,224)**	**(14,136,378)**	**(588,127)**	**(69,836,033)**
Amortisation	(8,233,482)	(1,267,200)	(14,188,150)	-	-	-	(4,712,126)	(10,628)	(28,411,586)
As at 31 Dec. 2023	**(39,752,640)**	**(5,801,346)**	**(33,208,150)**	**(19,020,000)**	**-**	**(38,224)**	**(18,848,504)**	**(598,755)**	**(98,247,619)**
Carrying amount									
As at 31 Dec 2023	**53,533,116**	**6,870,654**	**171,705,900**	**-**	**9,011**	**-**	**31,090,475**	**556,245**	**263,765,401**
As at 31 Dec 2022	**61,766,598**	**8,137,854**	**-**	**-**	**141,504,095**	**-**	**21,532,601**	**566,873**	**233,508,021**

*The intangible under development relates to VSAT Earth Station Network Frequency License on Ku band (for N9 million) which is not ready for use by Airtel as at 31st December 2023. The 3G spectrum (N14.27 billion) & 5G(3500MHz) spectrum (N127.23 billion) have been put to use during the period.

Notes to the financial statements

19. Right of use assets

The movement on this account during the year for the Company was as follows:

Cost	Plant & Equipment ₦'000	Building ₦'000	Motor Vehicles ₦'000	Total ₦'000
As at 1 Jan. 2022	**278,191,352**	**1,185,301**	**300,824**	**279,677,477**
Addition	230,555,883	1,621,575	-	232,177,458
Retirement (Note 19.2)	(871,428)	-	-	(871,428)
Balance 31 Dec. 2022	**507,875,807**	**2,806,876**	**300,824**	**510,983,507**
Additions	111,874,482	123,871	-	111,998,353
Retirement (Note 19.2)	(382,899)	-	-	(382,899)
Balance 31 Dec. 2023	**619,367,390**	**2,930,747**	**300,824**	**622,598,961**
Accumulated Amortisation				
As at 1 Jan. 2022	**(106,429,129)**	**(909,782)**	**(300,824)**	**(107,639,735)**
Depreciation charge	(59,316,475)	(151,366)	-	(59,467,841)
Retirement ((Note 19.2)	430,183	-	-	430,183
Balance 31 Dec. 2022	**(165,315,421)**	**(1,061,148)**	**(300,824)**	**(166,677,393)**
Depreciation charge	(88,999,386)	(202,069)	-	(89,201,455)
Retirement ((Note 19.2)	299,834	-	-	299,834
Balance 31 Dec. 2023	**(254,014,973)**	**(1,263,217)**	**(300,824)**	**(255,579,014)**
Net Book Value				
As at 31 Dec 2023	**365,352,417**	**1,667,530**	**-**	**367,019,947**
As at 31 Dec 2022	**342,560,386**	**1,745,728**	**-**	**344,306,114**

The Company leases several assets including buildings, GSM equipment and motor vehicles. The useful life is detailed in Note 3.6 of the accounting policies. The Company's obligations are secured by the lessors' title to the leased assets for such leases. The maturity analysis of lease liabilities is presented in Note 31 – Lease liabilities.

19.1 Amount recognised in profit and loss

	2023 ₦'000	2022 ₦'000
Depreciation of right of use assets (Note 11 – Other operating expenses)	89,201,455	59,467,841

Notes to the financial statements

19. Right of use assets (contd)

19.2 Retirement of Right of use assets – GSM Equipment

In 2023, the Company exited some leased sites as per terms of the agreement with the Lessor. The carrying amount of the exited sites derecognised is ₦83.07 million (2022: ₦441.25 million)

19.3 Sale and lease back transactions

As at 31 December 2023, included in the right of use assets – GSM equipment is the carrying value of assets held under a sale and lease back transaction of ₦25.25 billion (2022: ₦39.69 billion) and deferred gain on sale of towers of ₦9.82 billion (2022: ₦16.42 billion). The deferred gain is a deduction from the fair value of the leased back asset on initial recognition which is being amortised over the leased term. On adoption of IFRS 16, the carrying amount was reclassified from property, plant and equipment to right of use assets.

20. Other financial assets

	2023 ₦'000	2022 ₦'000
Non- Current	15,224,053	6,934,422
Current	28,441,727	2,161,099
	43,665,780	**9,095,521**
Security deposit	1,876	1,250
Staff car loan	424,434	153,014
Cross Currency Swap Deposit (20.1)	43,239,470	8,941,257
	43,665,780	**9,095,521**

Security deposit represents amount held by a vendor as deposit for use of its facility. This is recoverable in cash after the termination of the contract.

The staff car loans are given by the Company as upfront payment under a scheme to support car acquisition for qualifying staff. The loan attracts no interest and the initial transaction price has been re-measured in line with IFRS 9 at amortised cost. The tenors of the loans range from 24 months to 48 months based on the underlying agreement. IFRS 9 requires that loans and receivables should be measured at amortised cost using the Effective Interest Rate (EIR). The loans given by the Company to the employees are measured using the Effective Interest Rate method under IFRS. The net resulting difference from the re-measurement at effective interest rate and the nominal rate of the loan has been recognised as finance income and costs (Note 12(b)) and deferred for amortisation over the life of the loans.

20.1 Cross Currency Swap Deposit

This relates to deposit for forward contracts held with banks categorised into: Current (maturity less than one year) and Non-Current (maturity above a year).

Notes to the financial statements

21. Inventories

	2023 ₦'000	2022 ₦'000
SIM Cards	1,887,782	1,938,332
Accessories & Devices	4,881,805	411,560
	6,769,587	**2,349,892**

Inventories are stated at lower of cost and net realisable value.

* During the year, ₦72.9 million was recognised as write-down for inventories carried at net realisable value (2022: ₦1.22 billion as write-down reversal). This is recognised as part of other operating expenses in Note 11. The written down reversal value has been treated as a non-cash item in the statement of cash flows.

Inventory Movement reported in statement of cash flows

Inventory Provision Reconciliation	2023 ₦'000	2022 ₦'000
Opening Stock Provision	(892,668)	(3,170,193)
Movement	341,108	2,277,525
Closing Stock Provision	**(551,560)**	**(892,668)**
Inventory Reconciliation		
Opening Balance	2,349,892	158,445
Movement	4,971,255	3,084,115
Gross Closing Balance	7,321,147	3,242,560
Less: Stock Provision	(551,560)	(892,668)
Net Closing Balance	**6,769,587**	**2,349,892**

22. Trade and other receivables

	2023 ₦'000	2022 ₦'000
Interconnect (Note 22(a))	27,685,023	7,737,199
Subscribers	4,931,889	2,419,360
Dealers	18,242,076	14,743,890
Leased line	851,108	1,995,198
Roaming	1,589,061	249,737
Bank USSD	2,839,032	3,047,828
	56,138,189	30,193,212
Due from related companies (Note 22(c))	25,779,882	11,703,295
Trade receivables	81,918,071	41,896,507
Allowance for impairment for receivables (Note 22(b))	(11,586,180)	(9,462,343)
Net trade receivables	70,331,891	32,434,164
Other receivables		
Due from related companies (Note 22(c))	12,518,829	8,547,762
Other receivables	581,546	1,157,996
Less: Allowance for other receivables (Note 22(d))	(167,795)	(138,867)
	83,264,471	**42,001,055**

Notes to the financial statements

22. Trade and other receivables (cont'd)

Other receivables

	2023	2022
	₦'000	₦'000
Staff Loan & Advances	216,261	172,815
Interest Receivables	365,285	985,181
	581,546	**1,157,996**

Trade receivables, consisting of interconnect, roaming, leased lines and subscribers are non-interest bearing and are generally on 30 days' term. For terms and conditions relating to related party payables, refer to Note 35.

The Company applies the simplified approach which uses a provision matrix to measure the expected credit loss (ECL) of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due except for interconnect of 270 days past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers.

	Trade receivables (days past due)			
	0-90 days	**91-180 days**	**181-270 days**	**>270 days**
Expected credit loss rate				
Interconnect	0%	0%	0%	100%
Bank USSD	0%	100%	100%	100%
Non Interconnect	0%	100%	100%	100%
Other Receivables	0%	100%	100%	100%

	0-90 days	**91-180 days**	**181-270 days**	**>270 days**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At December 2023					
Interconnect	9,648,401	12,334,856	428,735	5,273,031	27,685,023
Bank USSD	31,840	839	11,143	2,795,210	2,839,032
Non Interconnect	22,108,177	418,583	608,735	2,478,639	25,614,134
	31,788,418	12,754,278	1,048,613	10,546,880	56,138,189
Expected Credit Loss	**-**	**419,422**	**619,878**	**10,546,880**	**11,586,180**

Notes to the financial statements

22. Trade and other receivables (cont'd)

	0-90 days	91-180 days	181-270 days	>270 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
At December 2022					
Interconnect	4,612,306	696,088	996,274	1,432,533	7,737,201
Bank USSD	452,944	2,432,876	162,008	-	3,047,828
Non Interconnect	13,973,257	1,277,588	1,806,143	2,351,195	19,408,183
	19,038,507	**4,406,552**	**2,964,425**	**3,783,728**	**30,193,212**
Expected Credit Loss	**-**	**3,710,464**	**1,968,151**	**3,783,728**	**9,462,343**

	0-90 days	91-180 days	181-270 days	>270 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
At December 2023					
Other receivable	**413,751**	**48,847**	**85,484**	**33,464**	**581,546**
Expected Credit Loss		**(48,847)**	**(85,484)**	**(33,464)**	**(167,795)**

	0-90 days	91-180 days	181-270 days	>270 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
At December 2022					
Other receivable	**1,019,129**	**13,345**	**80,638**	**44,884**	**1,157,996**
Expected Credit Loss		**(13,345)**	**(80,638)**	**(44,884)**	**(138,867)**

The Company writes off a trade receivable to the extent that there is no realistic prospect of recovery e.g. when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. the Company however continues to engage in enforcement activity to attempt to recover the receivable due. There was no write off of trade receivables for the year 2023 (2022: Nil).

Notes to the financial statements

22. Trade and other receivables (cont'd)

(a) Statement of the interconnect receivables and payables for the year:

	2023	2022
	₦'000	₦'000
Receivables		
Balance as at 1 January	7,737,199	8,749,871
Revenue for the year (Note 6)	163,454,936	138,082,054
Impairment during the year	3,613,388	579,021
Balance as at 31 December (Note 22)	(27,685,023)	(7,737,199)
Payment received in the year	**147,120,500**	**139,673,747**
Payables		
Balance as at 1 January	947,075	1,829,416
Cost for the year (Note 7)	133,813,555	122,428,241
Balance as at 31 December (Note 33)	(609,789)	(947,075)
Payment made in the year	**134,150,841**	**123,310,582**
Net receipt for the year	**12,969,659**	**16,363,165**

(b) Allowance for impairment of trade receivables

Movement in allowance for impairment of trade receivables is as follows:

	2023	2022
	₦'000	₦'000
Individually impaired	**11,586,180**	**9,462,343**

	₦'000	₦'000
Balance as at 1 January	9,462,343	3,870,321
Addition during the year	1,033,825	5,592,022
Exchange differences	1,090,012	-
Balance as at 31 December	**11,586,180**	**9,462,343**

Notes to the financial statements

22. Trade and other receivables (cont'd)

(c) Due from related companies

	2023 ₦'000	2022 ₦'000
Airtel Tchad S.A.	600,505	291,774
Airtel Congo S.A.	681,661	324,860
Airtel Congo (RDC) S.A.	959,752	1,357,171
Airtel Gabon S.A.	220,217	106,219
Airtel Kenya Networks Limited	253,411	31,357
Airtel Madagascar S.A.	10,576	4,797
Airtel Malawi Plc	59,463	39,822
Celtel Niger S.A.	8,186,647	4,123,604
Airtel Tanzania Networks Limited	81,162	38,952
Airtel Uganda Limited	45,885	22,956
Airtel Networks Zambia Plc	266,267	129,147
Airtel Seychelles Mobile Limited	57,980	27,817
Airtel Rwanda Networks Limited	202,575	98,047
Airtel Mobile Commerce Nigeria Limited	12,606	10,251
Smartcash Payment Service Bank Limited	12,572,884	8,476,893
Airtel Africa Plc	2,680,767	-
Airtel Africa services (UK) LTD (AASUKL)	1,029,476	60,618
Bharti Airtel International (Netherlands) Kenya Branch	251,687	-
Bharti Airtel (France) SAS	13,537	6,558
Bharti Airtel (UK) Limited	9,657,776	3,689,610
Bharti Airtel Limited	371,671	187,943
Bharti Airtel International (Netherlands) B.V	-	1,201,739
Bharti Hexacom Limited	6	-
Bharti International (Singapore) Pte. Limited	82,166	20,922
Jersey Airtel Limited	34	-
	38,298,711	**20,251,057**

For terms and conditions relating to related party transactions, refer to Note 35.

At December 2023	**0-90 days ₦'000**	**91-180 days ₦'000**	**181-270 days ₦'000**	**>270 days ₦'000**	**Total ₦'000**
Due from related companies	**9,442,549**	**1,389,835**	**6,755,994**	**20,710,333**	**38,298,711**

At December 2022	**0-90 days ₦'000**	**91-180 days ₦'000**	**181-270 days ₦'000**	**>270 days ₦'000**	**Total ₦'000**
Due from related companies	**1,858,715**	**4,927,183**	**2,692,843**	**10,772,316**	**20,251,057**

Due from related company	**2023 ₦'000**	**2022 ₦'000**
Trade receivables	25,779,882	11,703,295
Other receivables	12,518,829	8,547,762
Balance as at 31 December	**38,298,711**	**20,251,057**

Notes to the financial statements

22. Trade and other receivables (cont'd)

(d) Allowance for impairment of other receivables

Movement in allowance for impairment of other receivables is as follows:

	2023 ₦'000	2022 ₦'000
Individually impaired	**167,795**	**138,867**
Balance as at 1 January	138,867	148,898
Movement during the year	28,928	(10,031)
Balance as at 31 December	**167,795**	**138,867**

(e) **Impairment of financial assets**

	2023 ₦'000	2022 ₦'000
Allowance of trade receivables (Note 22b)	1,033,825	5,592,022
Allowance/(Reversal) of other receivables (Note 22d)	28,928	(10,031)
(Reversal)/Allowance for cash and cash equivalent (Note- 25)	(51,099)	51,099
	1,011,654	**5,633,090**

* Impairment reported in statement of profit and loss is the net impairment movement for financial assets. Trade and other receivables and cash and cash equivalent movement in the statement of cash flows is reported net of impairment.

(f) **Trade and other receivables movement reported in statement of cash flows**

	2023 ₦'000	2022 ₦'000
Opening Balance	42,001,055	27,697,137
Movement During the year	43,416,183	19,885,909
Impairment on trade and other receivables	(2,152,766)	(5,581,991)
Closing Balance	**83,264,472**	**42,001,055**

23. Other assets

	2023 ₦'000	2022 ₦'000
Non-current	17,597,243	10,118,085
Current	23,029,553	20,140,147
	40,626,796	**30,258,232**
Prepaid expenses (Note 23(a))	4,953,037	4,926,243
Prepaid site lease/rent (Note 23(b))	3,578,924	5,368,105
Customer acquisition cost (Note 23(c))	29,388,378	17,162,091
Advance payment to suppliers/regulators (Note 23(d))	2,706,457	2,801,793
	40,626,796	**30,258,232**

Notes to the financial statements

23. Other assets (cont'd)

(a) Prepaid expenses include prepaid annual maintenance charges, prepaid insurance and advance office rent.

(b) Prepaid site lease represents prepaid amount to vendors from contracts mainly pertaining to lease arrangements for telecommunication infrastructure.

(c) **Customer acquisition cost** – This relates to balance of verification / know your customer (KYC) and other SIM related costs incurred in acquiring new customers amortized over the average life circle of the customer within the network.

	2023 ₦'000	2022 ₦'000
Balance as at 1 January	17,162,091	3,162,714
Additions	26,626,155	20,854,174
Amortised cost (Note 9)	(14,399,868)	(6,854,797)
	29,388,378	**17,162,091**

(d) Advance payments are made to strategic vendors for normal business operations and are backed up by Advance Payment Guarantee from the Vendors bankers and advance payment for statutory liabilities.

24. Income tax recoverable

	2023 ₦'000	2022 ₦'000
Unutilised WHT credit notes	**1,689,547**	**1,677,711**

This represents unutilised withholding tax credit notes received from Federal Inland Revenue service (FIRS).

24.1 Movement in income tax recoverable

	2023 ₦'000	2022 ₦'000
Balance as at 1 January	1,677,711	877,554
Additions during the year	1,440,542	800,157
Utilized during the year (Note 15c)	(1,428,706)	-
Un-utilized WHT credit notes	**1,689,547**	**1,677,711**

Notes to the financial statements

25. Cash and cash equivalents

	2023	2022
	₦'000	**₦'000**
Cash in hand	6,320	718
Wallet Balances	6,030	428
Bank balances	17,658,869	12,348,290
Fixed deposit	-	54,350,000
Restricted Cash (Note 25.1)	56,888	3,099,309
Allowance for Bank Balance	-	(51,099)
Cash and bank balance	**17,728,107**	**69,747,646**
Bank Overdraft (Note 28 (c))	(88,816,547)	-
Cash and cash equivalents	**(71,088,440)**	**69,747,646**

25.1 Restricted cash

This represents cash set aside as per court order of ₦39.70 million (2022: ₦39.7 million) and advance deposit with bank for foreign exchange of ₦17.21 million (2022: ₦3.06 billion) is therefore not available for use by the Company.

26. Share capital and Share premium

26.1 Share capital

	2023	2022
	₦'000	**₦'000**
Authorised:		
13,500,000,000 ordinary shares of ₦1 each	13,500,000	13,500,000
Issued, called up and fully paid:		
13,286,998,758 ordinary shares of ₦1 each	13,286,999	13,286,999
Less: Shares bought back	1,092,497	1,092,497
Total Share Capital	**12,194,502**	**12,194,502**

The remaining 213,001,242 shares are rights issue shares which were not taken up during the first right issue done in the early days of the company and were not re-distributed since then. Management will seek necessary approvals to deal with the shares as appropriate before the end of the year 2024.

Notes to the financial statements

26.2 Share premium

	2023 ₦'000	2022 ₦'000
As at 1 January	**67,235,360**	**67,235,360**

26.3 Treasury Shares (Share Buy-Back)

In 2021 the shareholders passed a resolution pursuant to the provisions of the Companies and Allied Matters Act 2020 to effect a buy-back of not more than cumulative 10% of the fully paid ordinary shares of the company from all existing shareholders on a proportionate basis at the price of ₦55.81 per share, this Share Buy-back process was concluded in December 2021 when the Board approved the share transfers from participating shareholders. A total of 1,092,497,868 unit of shares were bought back representing 8.22% of the issued shares. The sum of N60.97 billion was paid to the shareholders and transaction cost involved in the buyback is N6.58 billion.

According to CAMA 2020, a company shall not hold more than 15% of the nominal value of the issued share capital of any class of its shares as treasury shares and where a company buys more than 15% of the issued share capital of any class of its shares as treasury shares, the company shall, before the end of 12 months beginning with the date on which the contravention occurs, reissue or cancel the shares. However, in the case of the share bought back by the company in 2021, it has not exceeded the 15% threshold. Hence, the condition for reissuance or cancellation is not mandatory. The Company will decide either to re-issue or cancel the share buy-back as it deems fits in the future.

27. Retained earnings

	2023 ₦'000	2022 ₦'000
As at 1 January	163,971,459	283,607,657
(Loss)/Profit for the year	(253,291,735)	146,203,922
Dividend (Note 27.1)	-	(265,840,120)
As at 31 December	**(89,320,276)**	**163,971,459**

Notes to the financial statements

27.1 Dividend – During the year 2023 no dividend was declared by the Board of Directors (2022: N265.84 billion).

	2023			2022		
Tranches	**Rate**	**No of Shares**	**Total**	**Rate**	**No of Shares**	**Total**
1st Interim				0.40	12,194,500,890	4,877,800
2nd Interim				0.40	12,194,500,890	4,877,800
3rd Interim				2.00	12,194,500,890	24,389,002
4th Interim				2.00	12,194,500,890	24,389,002
5th Interim				4.00	12,194,500,890	48,778,004
6th Interim				13.00	12,194,500,890	158,528,512
Total Dividend			-			**265,840,120**

28 Interest bearing loans and borrowings

	2023 N'000	2022 N'000
Non-current		
Term loans and borrowings (Note 28 (a))	235,297,555	91,879,524
Shareholder loan (Note 28 (b))	19,072,455	-
	254,370,010	**91,879,524**
Current		
Term loans and borrowings (Note 28 (a))	4,351,480	31,363,786
Bank Overdraft (Note 28 (c))	88,816,547	-
Trade Import facilities – confirmed letters of credit (Note 28 (d))	1,189,961	11,033,254
	94,357,988	**42,397,040**

(a) Term loans and borrowings

	2023 N'000	2022 N'000
Balance at 1 January	123,243,310	69,402,493
Additions in the year	82,429,484	116,153,436
	205,672,794	185,555,929
Repayment	(86,674,950)	(74,108,237)
Exchange difference	120,651,191	11,745,618
Balance at 31 December	**239,649,035**	**123,243,310**
Current	4,351,480	31,363,786
Non-current	235,297,555	91,879,524
	239,649,035	**123,243,310**

Notes to the financial statements

28 Interest bearing loans and borrowings (contd)

Interest Movement on term loans and borrowings

	2023	2022
	₦'000	₦'000
Opening balance	975,935	414,721
Accrued Interest for the year (Note 13)	28,809,216	7,011,422
	29,785,151	7,426,143
Interest paid in the year (Note 13(a))	(20,966,730)	(5,926,928)
Exchange Difference	581,893	(523,280)
	9,400,314	**975,935**

Airtel loans and borrowing comprises local and foreign currency denominated facilities from local and offshore banks. The details of the facilities are as follows.

Standard Chartered Bank (SCB) – This is a foreign currency revolving loan facility of $50 million from Standard Chartered Bank Dubai in 2020, the facility amount was enhanced to $75mn in 2022 and subsequently to $125mn in 2023. it is a variable interest loan, linked to average 3-month LIBOR plus margin of 2.75% repayable monthly. A total drawdown of $87.5 million has been made on the loan and has been fully repaid in December 2023. The facility is secured by Corporate Guarantee given by BAIN B.V.

The balance of the loan as at December 2023 is Nil (2022: $32.21 million) with a final maturity date in April 2025.

CITI Bank Dubai - This is a foreign currency revolving cumulative loan facility of $16.5 million from CITI Bank Abu Dhabi in 2020 repayable quarterly, it is a variable interest loan, linked to average 3-month SOFR plus margin of 2.6%. The facility was refinanced and enhanced in 2022 to $55 million with committed portion of $30mn and $25mn uncommitted portion. A total drawdown of $95.6 million has been made on the loan and repayment as at December 2023 was $91.1m. The facility is secured by Corporate Guarantee given by BAIN B.V.

The balance of the loan as at December 2023 is $4.5 million (2022: $34.81 million) with a final maturity date in September 2024.

Bank of America Hong Kong - This is a foreign currency loan of $100 million from Bank of America in 2022.It has a variable interest rate linked to 3- month SOFR plus a margin of 2.5% per annum The facility has a tenor of 4 years and is secured by Corporate Guarantee given by BAIN B.V.

The balance of the advance as at December 2023 is $95 million (2022: $100 million) with a final maturity date of June 2026.

Notes to the financial statements

28 Interest bearing loans and borrowings (contd)

Deutsche Bank Singapore - This is a foreign currency loan of $100 million from Deutsche Bank in 2022. It has a variable interest rate linked to 3- month SOFR plus a margin of 2.8% per annum The facility has a tenor of 4 years and is secured by Corporate Guarantee given by BAIN B.V.

The balance of the advance as at December 2023 is $100 million (2022: $100 million) with a final maturity date of August 2026.

Zenith Bank Plc- This is local currency loan of N50Bn from Zenith Bank in 2019. It has a fixed interest rate which is reset intermittently to reflect the prevailing market conditions. The facility has a tenor of 5 years from drawdown date including a moratorium of 2 years

The balance of the loan as at December 2023 is N40Bn (2022: NILL) with a final maturity date in April 2028.

First Bank Plc- This is local currency loan of N36Bn from First Bank in 2021. It has a fixed interest rate which is reset intermittently to reflect the prevailing market conditions. The facility has a tenor of 5 years from drawdown date including a moratorium of 2 years

The balance of the loan as at December 2023 is N10Bn (2022: NILL) with a final maturity date in April 2028

(b) Shareholder loan

	2023	**2022**
	₦'000	**₦'000**
Balance at 1 January	-	-
Addition	14,165,318	-
Exchange difference	4,907,137	-
	19,072,455	-
Repayment in the year	-	-
Balance at 31 December	**19,072,455**	**-**

Interest and charged cost outstanding to shareholders were capitalized as per agreement with the shareholders

Notes to the financial statements

28 Interest bearing loans and borrowings (contd)

(c) Bank overdraft

	Commitment ₦'000	Drawn-down ₦'000	Available ₦'000	Outstanding ₦'000
2023	141,500,000	88,816,547	52,683,453	88,816,547
2022	80,030,000	-	80,030,000	-

The Company's overdraft facilities are revolving having a structure of 12 months' term with a rate of interest ranging between 26.25% and 30% (2022: 13.5% and 24%) per annum. These facilities are unsecured.

(d) Letter of Credit (LC's) – Trade Import Facilities

The Company has a trade import facilities arrangement with banks in the form of confirmed letter of credit. Under this arrangement the bank guarantees and pay the Company foreign vendors pending when foreign exchange (FX) is available / sourced from Central bank due to the shortage of FX in the country. Included in current liabilities short term borrowing is the amount of N1.19 billion (2022: N11.03 billion) which relates to outstanding confirmed LC's for which FX is yet to be available from Central bank to settle the banks.

	2023 ₦'000	2022 ₦'000
Balance at 1 January	11,033,254	24,876,503
Additions in the year	35,665,559	24,713,939
Interest Accrued	-	1,084,494
Exchange difference	11,650,012	(1,626,951)
	58,348,825	49,047,985
Repayment in the year	(57,158,864)	(38,014,731)
Balance as at 31 December	**1,189,961**	**11,033,254**

Notes to the financial statements

29 Provisions

	2023	2022
	₦'000	₦'000
Non-current		
Asset retirement obligation (Note 29.1)	**43,719**	**41,481**
Current		
Provision for Tax cases (Note 29.2)	241,770	241,770
Provision for litigations (Note 29.3)	426,541	426,541
	668,311	**668,311**

29.1 Asset Retirement obligation

	2023	2022
	₦'000	₦'000
Balance at 1 January:		
ARO liability	8,152	8,017
Finance cost	33,329	30,821
	41,481	38,838
Additions during the year:		
ARO liability	-	135
Finance cost	2,238	2,508
	2,238	2,643
Utilization during the year:		
ARO liability	-	-
Finance cost	-	-
	-	-
Balance at 31 December:		
ARO liability	8,152	8,152
Finance cost	35,567	33,329
	43,719	**41,481**

The Asset retirement obligation is recognised for Base Transceiver Stations (BTS) constructed by the Company which will be decommissioned when the leased site becomes un-renewable.

Notes to the financial statements

29.1 Asset Retirement obligation (cont'd)

Provision during the period for asset retirement obligation is after considering the impact of unwinding of the discount over time. The discount rate used to calculate the obligation at the end of 2023 was 13.82% (2022: 13.82%). The discount rate represents the real rate determined using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the liability. Finance cost portion of the asset retirement obligation is shown in Note 13.

29.2 Provision for Tax Cases

	2023 ₦'000	2022 ₦'000
Balance at 1 January	241,770	242,019
Addition during the year	-	-
Utilisation during the year	-	(249)
Balance at 31 December	**241,770**	**241,770**

These provisions relate to tax audit liabilities received from State Internal Revenue Service (IRS) and Federal Inland Revenue Service (FIRS) in respect of tax administration under their respective jurisdiction. The claims are subject to providing relevant documents and explanations in line with relevant tax laws and guidelines as at the period of tax subject.

29.3 Provision for litigations

	2023 ₦'000	2022 ₦'000
Balance at 1 January	426,541	262,088
Addition during the year	-	182,763
Utilisation during the year	-	(18,310)
Balance at 31 December	**426,541**	**426,541**

These provisions relate to claims in respect of court cases for which there is probable likelihood of the claims crystallising based on the available evidence. The claims are subject to legal arbitration and as at the reporting date, the provisions were reassessed and the impact reflected accordingly. These claims by nature relate to disputes over tower/mast installations and general litigations.

Notes to the financial statements

30 Deferred revenue

	2023 ₦'000	2022 ₦'000
Customer advances	52,939,909	43,763,585
Grants (Note 30(a))	211,779	160,754
Customer loyalty claims (Note 30(b))	258,075	743,234
	53,409,763	**44,667,573**
Non-current	647,617	606,325
Current	52,762,146	44,061,248
	53,409,763	**44,667,573**

(a) Grants

	2023 ₦'000	2022 ₦'000
Balance at 1 January	160,754	149,323
Addition during the year	76,648	30,000
Amortised for the year (Note 8)	(25,623)	(18,569)
Balance at 31 December	**211,779**	**160,754**
Non-current	186,156	142,186
Current	25,623	18,568
	211,779	**160,754**

Notes to the financial statements

30 Deferred revenue (cont'd)

Grants was received for the construction of Base Transceiver Stations in remote regions. There are no unfulfilled conditions or contingencies in relation to these grants. This grant is amortised on a straight line basis over the useful life of the related asset. The amortised portion of the deferred grant has been included in other income as stated in Note 8.

(b) Customer loyalty

The Company operates a customer loyalty programme, which allows customers to accumulate points when they recharge airtime. The points can be redeemed for free airtime, subject to a minimum number of points being obtained. Consideration received is allocated between the airtime revenue and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed. As at 31 December 2023, the estimated liability for unredeemed points was approximately ₦258.07 million (2022: ₦743.23 million) disclosed as part of deferred revenue liability.

	2023	**2022**
	₦'000	**₦'000**
Balance as at 1 January	743,234	582,627
Accrued	995,322	2,259,688
Utilization	(1,480,481)	(2,099,081)
	258,075	**743,234**

31 Lease liabilities

	2023	**2022**
	₦'000	**₦'000**
Non-current	534,975,616	378,398,999
Current	164,648,843	89,380,849
	699,624,459	**467,779,848**

The Company has lease contracts for network passive infrastructure and technical capacities of the dedicated part of the towers on which the Company's equipment is located. These leases have terms of renewal but no purchase options and have escalation clauses. Renewals are at the option of the Company. Refer to Note 19 for the leased assets included in the right of use.

Notes to the financial statements

a. Movement in lease liabilities

	2023 ₦'000	2022 ₦'000
As at 1 January	467,779,849	282,600,507
Additions during the year	112,148,457	232,177,458
Lease -Exited Sites	-	(3,576,121)
Interest accrued	65,830,393	42,222,811
Interest repayment	(65,980,498)	(40,798,750)
Principal repayment	(105,910,998)	(41,921,820)
Exchange difference	225,757,256	(2,924,236)
Lease liabilities included in the statement of financial position	**699,624,459**	**467,779,849**

b. Maturity analysis: Undiscounted lease liabilities

	2023 ₦'000	2022 ₦'000
Less than one year	234,264,697	139,750,267
Later than one year but not later than two years	197,655,306	145,737,781
Later than two years but not later than five years	276,505,687	251,780,511
Later than five years but not later than nine years	159,344,775	76,816,921
Later than nine years	8,532,745	8,176,471
Total undiscounted lease liabilities	**876,303,210**	**622,261,951**
Lease liabilities included in the statement of financial position	**699,624,459**	**467,779,849**

c. Amount recognised in statement of profit or loss

	2023 ₦'000	2022 ₦'000
Interest on Lease Liability	**65,830,393**	**42,222,811**

32 Employee benefit liability

	2023 ₦'000	2022 ₦'000
Pension fund	-	3,629
Leave encashment (Note 32.1)	46,522	29,137
Staff bonus	1,686,877	1,332,494
Other employee benefit	34,461	-
Long service award (Note 32.2)	19,497	21,084
	1,787,357	**1,386,344**
Non-current	14,177	16,479
Current	1,773,180	1,369,865
	1,787,357	**1,386,344**

Pension fund represents the unremitted part of statutory pension deductions to the relevant Pension Fund Administrators while staff bonus represents the accrued bonus for the employee based on performance as at 31 December 2023 and 2022 respectively.

The leave encashment (compensated leave absences) and long service award for the Company are presented based on the actuarial valuation carried out by Mercer Consulting (India) Private Limited for the year ended 31 December 2023. The partner in charge of the actuarial valuation is Hemanshu Jain with Financial Intermediaries Association of India membership number 18301. There are no plan assets as this is an unfunded scheme.

Other employee benefits includes Staff car deposit and external loan deductions.

The assumptions as at the reporting date are used to determine the present value of the long service award and leave encashment at that date and the defined benefit cost for the following year.

Notes to the financial statements

32 Employee benefit liability (cont'd)

32.1 Leave encashment

Key assumptions:	**31 December 2023**	**31 December 2022**
Discount rate*	16.50% p.a	14.50% p.a
Salary increase rate	15.0% p.a	13.5% p.a
Rate of return on plan assets	Not applicable	Not applicable
Mortality Table	Assumed to be implicit in withdrawal rate assumption	
Withdrawal (rate of employee turnover)	14% p.a	11% p.a
Retirement Age	60 years	60 years
Leave encashment rate	12.5% (2022: 20%) p.a from available accrued leave balance of employee	
Weighted average duration	1 year	1 year

*Discount rate for evaluation has been selected on yield of latest issue of bonds of local government.

Amount shown in statement of financial position

	2023	**2022**
	₦'000	**₦'000**
Opening obligation	29,137	24,601
Current service cost	98,708	87,564
Interest expense	2,667	2,967
Benefits paid	(83,990)	(85,995)
Total leave encashment	**46,522**	**29,137**
Current net liability	46,522	29,137
Non-current net liability	-	-
	46,522	**29,137**

Sensitivity Analysis

The sensitivity analysis of significant assumptions as of reporting period December 31, 2023 is shown below

	N
Discount Rate - 50 basis point	52,723,526
Discount Rate + 50 basis point	52,497,523
Salary Rate - 50 basis point	52,610,076
Salary Rate + 50 basis point	52,610,076
Withdrawal Rate - 50 basis point	51,780,963
Withdrawal Rate + 50 basis point	53,439,189
Discount Rate - 100 basis point	52,837,096
Discount Rate + 100 basis point	52,385,657

Notes to the financial statements

32 Employee benefit liability (cont'd)

Salary Rate - 100 basis point	52,610,076
Salary Rate + 100 basis point	52,610,076
Withdrawal Rate - 100 basis point	50,951,850
Withdrawal Rate + 100 basis point	54,268,303

32.2 Long service award

Key assumptions:	**31 December 2023**	**31 December 2022**
Discount rate*	16.50% p.a	14.50% p.a
Salary increase rate	Not applicable	Not applicable
Rate of return on plan assets	Not applicable	Not applicable
Mortality Table	Assumed to be implicit in	withdrawal rate assumption
Withdrawal (rate of employee turnover)	14% p.a	11% p.a
Retirement Age	60 years	60 years
Weighted average duration	1 year	1 year

*Discount rate for evaluation has been selected on yield of latest issue of bonds of local government.

Amount shown in statement of financial position

	2023	**2022**
	₦'000	**₦'000**
Opening obligation	21,084	24,797
Current service cost	(1,058)	22,678
Interest expense	2,825	(479)
Benefits paid	(3,354)	(25,912)
Total long service awards	**19,497**	**21,084**
Current net liability	5,320	4,605
Non-current net liability	14,177	16,479
	19,497	**21,084**

33 Trade and other payables

	2023	**2022**
	₦'000	**₦'000**
Interconnect creditors (Note 22 (a))	609,789	947,075
Roaming creditors	1,429,440	397,638
Trade creditors	156,354,264	62,906,657
VAT & WHT Payables	11,756,045	10,509,186
Due to related companies (Note 33 (a))	96,273,686	34,586,913
Interest accrued	9,400,314	975,935
Accruals	60,529,223	24,506,683
Dividend payable (Note 33 (b))	716,581	137,900,882
	337,069,342	**272,730,969**

Trade Creditors are non-interest bearing and are normally settled between 30-60 day terms. For terms and conditions relating to related party transactions, refer to Note 35.

Accruals relates to amount due to service vendors in respect of various expenditure at year end but yet to be invoiced.

Notes to the financial statements

33. Trade and other payables (cont'd)

(a) Due to related companies

	2023 ₦'000	2022 ₦'000
Airtel Tchad S.A.	8,886	1,180
Airtel Congo S.A.	250,004	121,162
Airtel Congo (RDC) S.A.	1,585,880	759,847
Airtel Gabon S.A.	581,683	254,337
Airtel Kenya Networks Limited	2,435,800	1,173,223
Airtel Madagascar S.A.	37,250	17,493
Airtel Malawi Plc	55,538	26,873
Celtel Niger S.A.	3,615,091	1,425,842
Airtel Tanzania Networks Limited	669,499	106,004
Airtel Uganda Limited	479,584	58,344
Airtel Networks Zambia Plc	169,353	66,472
Airtel Seychelles Mobile Limited	305	59
Airtel Rwanda Networks Limited	172,544	61,521
Airtel Africa Telesonic Limited - Dubai Branch	359,636	-
Airtel Mobile Commerce Nigeria B.V	11,197,886	-
Bharti Airtel International (Netherlands) B.V.	5,655,140	-
Bharti Airtel Nigeria B.V.	2,211,885	10,311,323
Airtel Africa services (UK) LTD (AASUKL)	60,767,910	12,723,733
Bharti Airtel International (Netherlands) Kenya	12,124	-
Bharti Airtel (France) SAS	204,682	64,665
Bharti Airtel (UK) Limited	5,262,143	1,387,616
Bharti Airtel Limited	433,681	416,181
Airtel Mobile Commerce B.V.	5,876	-
Bharti International (Singapore) Pte. Limited	9,869	9,783
Network i2i Limited	36,747	20,609
Nxtra Data Limited	54,604	155,765
Jersey Airtel Limited	1	-
Emtel Mauritius	85	-
Airtel money Nigeria	-	5,424,881
	96,273,686	**34,586,913**

(b) Dividend payable (net of tax)

	2023		2022	
	Gross	Net	Gross	Net
Opening balance		137,900,882		4,193,098
Declared during the year	-	-	265,840,120	245,899,412
Dividend paid during the year-Cash	(137,184,301)	(137,184,301)	(101,906,982)	(112,191,628)
Withholding Tax Paid	-	-	(10,284,646)	
Closing balance		716,581		137,900,882

* Trade and other payables movement in statement of cash flows, changes in working capital is reported net of dividend paid. Dividend paid is reported as cash flows from financing activities.

Notes to the financial statements

34 Derivative financial instruments

	2023 ₦'000	2022 ₦'000
Derivative financial assets		
Non-Current	-	-
Current	6,333,900	380,450
Derivatives that are not designated as hedging instruments carried at fair value through profit or loss:		
Foreign currency forward contracts	**6,333,900**	**380,450**
Derivative financial liabilities		
Non-Current	61,096,399	10,173,194
Current	71,869,588	2,706,710
Derivatives that are not designated as hedging instruments carried at fair value through profit or loss:		
Cross Currency Swap/Foreign currency forward contracts	**132,965,987**	**12,879,904**

The Company has entered into master netting agreements which involves a foreign currency forward contract of Naira and Dollars with the Standard Chartered Bank (SCB) UK. Derivatives subject to offsetting, master netting agreements and any collateral pledged or received are presented below.

	2023 ₦'000	2022 ₦'000
Derivative financial assets	6,333,900	380,450
Derivative financial liabilities	(132,965,987)	(12,879,904)
Net amount of derivatives liabilities	(126,632,087)	(12,499,454)
Cash collateral paid	43,239,470	8,941,257
Net amount	**(83,392,617)**	**(3,558,197)**

The Company did not enter into any other enforceable netting arrangements other than disclosed above.

Notes to the financial statements

35 Related Party

(a) Related party transactions:

The Company entered into the following trade transactions with the below listed related parties during the year:

Name	Nature of transaction	Relationship	Transaction value 2023 N'000	Transaction value 2022 N'000	Balance receivable 2023 N'000	Balance receivable 2022 N'000	Balance (payable) 2023 N'000	Balance (payable) 2022 N'000
Airtel Tchad S.A.	Interconnect & Roaming Services	Fellow Subsidiary	316,437	42,426	600,505	291,774	8,886	1,180
Airtel Congo S.A.	Interconnect & Roaming Services	Fellow Subsidiary	485,643	26,383	681,661	324,860	250,004	121,162
Airtel Congo (RDC) S.A.	Interconnect & Roaming Services	Fellow Subsidiary	428,614	398,574	959,752	1,357,171	1,585,880	759,847
Airtel Gabon S.A.	Interconnect & Roaming Services	Fellow Subsidiary	441,344	(44,820)	220,217	106,219	581,683	254,337
Airtel Kenya Networks Limited	Interconnect & Roaming Services	Fellow Subsidiary	1,484,631	(94,816)	253,411	31,357	2,435,800	1,173,223
Airtel Madagascar S.A.	Interconnect & Roaming Services	Fellow Subsidiary	25,536	(3,150)	10,576	4,797	37,250	17,493
Airtel Malawi Plc	Interconnect & Roaming Services	Fellow Subsidiary	48,306	(13,881)	59,463	39,822	55,538	26,873
Celtel Niger S.A.	Interconnect & Roaming Services	Fellow Subsidiary	6,252,292	(592,447)	8,186,647	4,123,604	3,615,091	1,425,842
Airtel Tanzania Networks Limited	Interconnect & Roaming Services	Fellow Subsidiary	605,705	(95,295)	81,162	38,952	669,499	106,004
Airtel Uganda Limited	Interconnect & Roaming Services	Fellow Subsidiary	444,169	(21,675)	45,885	22,956	479,584	58,344
Airtel Networks Zambia Plc	Interconnect & Roaming Services	Fellow Subsidiary	240,001	(9,766)	266,267	129,147	169,353	66,472
Airtel Seychelles Mobile Limited	Interconnect & Roaming Services	Fellow Subsidiary	30,409	8,262	57,980	27,817	305	59
Airtel Rwanda Networks Limited	Interconnect & Roaming Services	Fellow Subsidiary	215,551	52,854	202,575	98,047	172,544	61,521
Airtel Africa Telesonic Limited - Dubai Branch	Support services	Fellow Subsidiary	359,636	-	-	-	359,636	-
Airtel Mobile Commerce Nigeria B.V	Cross charge / support services	Fellow Subsidiary	11,197,886	(5,424,881)	-	-	11,197,886	-
Bharti Airtel International (Netherlands) B.V.	Support services	Intermediate Parent	4,453,401	(158,329)	-	1,201,739	5,655,140	-
Bharti Airtel Nigeria B.V.	Support Service Fees and Credit Facility/Other services	Parent Entity	(8,099,438)	(1,458,698)	-	-	2,211,885	10,311,323
Airtel Africa services (UK) LTD (AASUKL)	Support services	Fellow Subsidiary	49,013,035	(12,663,115)	1,029,476	60,618	60,767,910	12,723,733
Bharti Airtel International (Netherlands) Kenya Branch	Support services	Intermediate Parent	263,811	-	251,687	-	12,124	-
Bharti Airtel (France) SAS	Lease line/Bandwidth	Intermediate Parent	146,996	(1,027)	13,537	6,558	204,682	64,665
Bharti Airtel (UK) Limited	Interconnect, Roaming &Leaseline/Bandwidth	Fellow Subsidiary	9,842,693	1,532,007	9,657,776	3,689,610	5,262,143	1,387,616
Bharti Airtel Limited	Interconnect, Roaming, Signalling, Leaseline/Bandwidth	Intermediate Parent	201,228	(307,003)	371,671	187,943	433,681	416,181
Airtel Mobile Commerce B.V.	Cross charge / support services	Intermediate Parent	5,876	-	-	-	5,876	-
Bharti International (Singapore) Pte. Limited	Interconnect, Roaming, Signalling, Leaseline/Bandwidth	Intermediate Parent	61,330	1,158	82,166	20,922	9,869	9,783
Network i2i Limited	Leaseline/Bandwidth	Intermediate Parent	16,138	(4,487)	-	-	36,747	20,609
Nxtra Data Limited	Network Data Maintenance	Fellow Subsidiary	(101,161)	(126,118)	-	-	54,604	155,765
Jersey Airtel Limited	Support services	Other related party	35	-	34	-	1	-
Emtel Mauritius	Support services	Other related party	85	-	-	-	85	-
Airtel money Nigeria	Cross charge / support services	Intermediate Parent	(5,424,881)	-	-	-	-	5,424,881
Airtel Mobile Commerce Nigeria Limited	Cross charge / support services	Subsidiary	2,355	2,312	12,606	10,251	-	-
Smartcash Payment Service Bank Limited	Cross charge / support services	subsidiary	4,095,991	8,476,893	12,572,884	8,476,893	-	-
Airtel Africa Plc	Support services	Intermediate Parent	2,680,767	-	2,680,767	-	-	-
Bharti Hexacom Limited	Roaming	Fellow Subsidiaries	6	(13)	6	-	-	-
			79,734,427	(10,478,652)	38,298,711	20,251,057	96,273,686	34,586,913

The receivable and payable balances are classified as trade and other receivables and trade and other payables respectively except for credit facility which also includes shareholders' loan classified as part of borrowing.

'*Other related parties' though not 'Related Parties' as per the definition under IAS 24, 'Related Party Disclosure', have been included by way of a voluntary disclosure, following the best corporate practices

Notes to the financial statements

35. Related Party (cont'd)

Other non-trade related due to related parties

Item	Name	Relationship	2023 N'000	2022 N'000
Dividend Payable	Bharti Airtel Nigeria BV	Parent Entity	716,291	137,844,906
Loan Payable	Bharti Airtel Nigeria BV	Parent Entity	19,072,456	-
Interest Payable	Bharti Airtel Nigeria BV	Parent Entity	2,150,614	-
			21,939,361	**137,844,906**

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

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free with the exception of credit facilities from Bharti Airtel Nigeria, B.V which is priced at LIBOR plus a margin of 4.5%. There have been no guarantees provided or received for any related party receivables or payables except for Bharti Airtel International, Netherlands B.V which has guaranteed some of the foreign loan of the Company. The receivables and payables due to and from related parties are disclosed in Note 22 and Note 33 respectively.

(c) Investment in Subsidiaries

In the year 2019, Airtel Networks Limited invested in 99.9% of the shares of Airtel Mobile Commerce Nigeria Limited, a limited liability company registered under the laws of Nigeria. As at 31 December 2023, the company is yet to commence operations. The Company has paid for the acquisition of the licence from the Central Bank of Nigeria.

In its commitment to the fulfilment of the financial inclusion agenda of the Central Bank of Nigeria (CBN) and Federal Republic of Nigeria, the Company acquired 99.99% of the shares of Smart Cash Payment Service Bank in 2022. The IFRS 10 exemption on preparation of a consolidated financial statements have been followed as per the Company' policy in Note 3.4. Both companies are consolidated by Airtel Africa Plc.

The value of the Company's investment in the subsidiaries is shown below:

	2023 ₦'000	2022 ₦'000
Investment in subsidiary:		
Airtel Mobile Commerce Nigeria Limited	50,000	50,000
Smart Cash Payment Service Bank	5,000,000	5,000,000
	5,050,000	**5,050,000**

Notes to the financial statements

35. Related party (cont'd)

(d) Key management personnel (Directors)

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

Compensation to Directors

	2023	2022
Short term compensation	**₦'000**	**₦'000**
Fees	30,389	37,562
Sitting allowance	4,046	4,100
	34,435	**41,662**
Chairman emoluments (excluding pension contribution)	**16,672**	**7,458**
The fees and emoluments of the highest paid Director	**16,672**	**7,458**

There are no long-term benefits, post-employment benefits, share based payment and terminal benefits given to the Non-Executive Directors members of the board of the Company except for the Chief Executive Officer (CEO) who is member of the board and whose benefits are listed below;

	2023	2022
CEO's Benefits	**₦'000**	**₦'000**
Long Term Benefits	40,202	40,202
Terminal Benefits	7,458	7,458
Post-Employment Benefits	-	-
Share Based Payment	-	-
	47,660	**47,660**

	2023	2022
Directors' mix	**Number**	**Number**
Executive Director	1	1
Non-executive Directors	4	8
Independent Directors	3	-
	8	**9**

The Non-Executive Directors that received compensation as at 31 December 2023 were three (3) (2022: 3) in numbers. The other Non-Executive Directors are representative of the parent company and are not entitled to receive compensation.

Notes to the financial statements

35. Related party (cont'd)

(d) Key management personnel (Directors)

The number of Directors who received emoluments (excluding pensions and pension contributions) are in the following range:

Range (₦)	2023 Number	2022 Number
0 – 9,999,999	-	-
10,000,000 – 10,999,999	-	-
11,000,000 – 11,999,999	-	-
12,000,000 – 12,999,999	2	2
13,000,000 – 13,999,999	-	-
14,000,000 – 14,999,999	-	-
15,000,000 – 15,999,999	-	-
16,000,000 – 16,999,999	1	1
	3	3

36 Guarantee and financial commitments

(a) **Bank guarantee**
The Company obtained a bank guarantee amounting to ₦550 million from United bank of Africa for perfection of a Security Trust Deed in respect of loan facilities which it obtained from some Nigerian Banks, financial institutions and certain offshore lenders. The maximum exposure to credit risk is N550million and has a tenor of 12 months which is renewable on yearly basis.

(b) **Purchase order (PO)**
The Company had committed and contracted purchase orders amounting to ₦78.66 billion (2022: ₦171.91 billion) as at the reporting date.

(c) **Letters of credit (LC)**
The Company has unfunded Letters of Credit amounting to Nil (2022: Nil) and confirmed Letters of Credit of ₦1.2 billion (2022: ₦11.03 billion) with various banking institutions in respect of imports.

Notes to the financial statements

37 Financial instruments

a. Categories of financial instruments and their fair value

The table below show the carrying amount and fair value of financial instruments by their measurement categories.

	Amortised cost ₦'000	Fair value through profit or loss ₦'000	Carrying value ₦'000
As at 31 December 2023			
Trade and other receivables (Note 22)	83,264,471	-	83,264,471
Other financial asset (Note 20)	43,534,571	-	43,534,571
Cash and bank balance	17,728,107	-	17,728,107
Derivative financial assets (Note 34)	-	6,333,900	6,333,900
Total financial assets	**144,527,149**	**6,333,900**	**150,861,049**
Trade and other payables (Note 33)	337,069,342	-	337,069,342
Derivative financial liabilities (Note 34)	-	132,965,987	132,965,987
Interest bearing loans and borrowings (Note 28)	348,727,998	-	348,727,998
Total financial liabilities	**685,797,340**	**132,965,987**	**818,763,327**
As at 31 December 2022			
Trade and other receivables	42,001,055	-	42,001,055
Other financial asset	9,095,521	-	9,095,521
Cash and bank balance	69,747,646	-	69,747,646
Derivative financial assets	-	380,450	380,450
Total financial assets	**120,844,222**	**380,450**	**121,224,672**
Trade and other payables	272,730,969	-	272,730,969
Derivative financial liabilities	-	12,879,904	12,879,904
Interest bearing loans and borrowings	134,276,564	-	134,276,564
Total financial liabilities	**407,007,533**	**12,879,904**	**419,887,437**

Notes to the financial statements

37. Financial instruments (cont'd)

37.1 Categories of financial instruments and their fair value (cont'd)

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

- Cash and cash equivalent, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate borrowings and/or receivable are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2023, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

As at 31 December 2023, the changes in counterparty credit risk had no material effect on the financial instruments recognised at fair value.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Company have measured the below assets at fair value on the statement of financial position.

	Total ₦'000	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000
At 31 December 2023				
Derivative financial assets	6,333,900	-	6,333,900	-
Derivative Financial liabilities	132,965,987	-	-	132,965,987
At 31 December 2022				
Derivative financial assets	380,450	-	380,450	-
Derivative Financial liabilities	12,879,904	-	423,091	12,456,813

During the reporting period ending 31 December 2023, there were no transfers between Level 1 and Level 2 (2022: Nil). The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to the financial statements

37. Financial instruments (cont'd)

37.1 Categories of financial instruments and their fair value (cont'd)

Fair Value (cont'd)

Fair value methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project.

The Company enters into derivative financial instruments with various counterparties. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Company's own non-performance risk.

As at 31 December 2023, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts which are separated from long-term sales contracts where the transaction currency differs from the functional currencies of the involved parties. However, as these contracts are not collateralized, the Company also takes into account the counterparties' credit risks (for the embedded derivative assets) or the Company's own non-performance risk (for the embedded derivative liabilities) and includes a credit valuation adjustment or debit value adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs concerning probabilities of default and loss given default.

Notes to the financial statements

37. Financial instruments (cont'd)

37.1 Categories of financial instruments and their fair value (cont'd)

Fair Value (cont'd)

Reconciliation of fair value measurement of derivative assets and liabilities

	Derivative financial assets	Derivative financial liabilities	Net derivative liabilities
	₦'000	**₦'000**	**₦'000**
As at 1 January 2022	**222,846**	**(2,439,440)**	**(2,216,594)**
Recognised in statement of profit or loss during the year	157,604	(10,440,464)	(10,282,860)
As at 31 December 2022	**380,450**	**(12,879,904)**	**(12,499,454)**
Recognised in statement of profit or loss during the year	5,953,450	(120,086,083)	(114,132,633)
As at 31 December 2023	**6,333,900**	**(132,965,988)**	**(126,632,087)**

Notes to the financial statements

37. Financial instruments (cont'd)

37.2 Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables and lease liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has trade and other receivables, cash and short-term deposits that are derived directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and Company's risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, forward foreign currency contracts to hedge the exchange rate risk and deposits. The sensitivity analyses in the following sections relate to the position as at 31 December in 2023 and 2022. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on the carrying value of provisions and on the non-financial assets and liabilities. The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks

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 long-term debt obligations with changes in interest rates.

Notes to the financial statements

37.2 Financial risk management (cont'd)

Interest rate sensitivity

The following demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. Holding other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

	2023	2022
	₦'000	₦'000
Interest bearing loans and borrowings		
Non-current portion of loans	201,878,938	91,879,524
Current portion of loans	19,035,794	42,397,040
Bank Overdraft	88,816,547	-
	309,731,279	**134,276,564**
Effective Interest Rate	**11.85%**	**6.03%**

Basis point		**Strengthening**	**Weakening**
2023		**₦'000**	**₦'000**
	+1	30,973	(30,973)
	+5	154,866	(154,866)
2022		**₦'000**	**₦'000**
	+1	13,428	(13,428)
	+5	67,138	(67,138)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility NIBOR in the current year.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and financing activities. The Company manages its foreign currency risk through derivative financial instruments such as interest rate swaps, cash flow hedges and embedded derivatives exchange rate adjustments in recognising gains or losses arising from foreign currency.

Foreign currency sensitivity

The following demonstrates the sensitivity to a reasonably possible change in the US dollar and Euro exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives). The Company's exposure to foreign currency changes for all other currencies is not material.

Notes to the financial statements

37.2 Financial risk management (cont'd)

(a) **Market risk (cont'd)**

Exposure to currency risk

The Company's transactional exposure to US dollar and Euro was based on the closing amount as follows:

	31 December 2023		31 December 2022	
	USD'000	**EUR'000**	**USD'000**	**EUR'000**
Financial asset				
Trade and other receivables	48,179	123	29,159	(22)
Derivative financial assets	6,655	-	825	-
Bank Balance	9,826		5,373	
Financial liability				
Borrowings	(223,120)	-	(268,019)	-
Lease liabilities	(316,891)	-	(271,797)	-
Trade and other payables	(268,392)	(892)	(199,152)	(104)
Derivative financial liabilities	(139,701)	-	(27,933)	-
Net statement of financial position exposure	**(883,444)**	**(768)**	**(731,544)**	**(126)**

The Company's profit before tax is affected through the impact of currency rates as follows:

		Effect on profit before tax ₦'000
As at 31 December 2023	USD (5 per cent strengthening)	42,042,724
	Euro (5 per cent strengthening)	39,629
	USD (5 per cent weakening)	(42,042,724)
	Euro (5 per cent weakening)	(39,629)
As at 31 December 2022	USD (5 per cent strengthening)	16,865,751
	Euro (5 per cent strengthening)	3,101
	USD (5 per cent weakening)	(16,865,751)
	Euro (5 per cent weakening)	(3,101)

The following exchange rates were applied during the year:

	Average rate		Closing rate	
	2023	**2022**	**2023**	**2022**
	₦	**₦**	**₦**	**₦**
US Dollar	646.75	426.83	951.79	461.1
Euro	699.73	449.55	1,031.93	492.2

Notes to the financial statements

37. Financial instruments (cont'd)

37.2 Financial risk management (cont'd)

(b) **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables), other financial asset and from financing activities on the part of the Company including cash and cash equivalents with banks and financial institutions and other financial instruments. At the level of operations, the outstanding debts are continuously monitored in each area and taken into account through individual and collective allowances.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and credit sales to major channel partners are covered by bank guarantees while significant post-paid customers are covered by cash deposit.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

Notes to the financial statements

37. Financial instruments (cont'd)

37.2 Financial risk management (cont'd)

At the end of each respective year, the aging of the net trade receivables are as follows:

		Past due but not impaired			
	Less than 90days	**90-180 days**	**181-270 days**	**Above 270 days**	**Total**
At 31 December 2023	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Interconnect	9,648,401	12,334,856	428,735	-	22,411,992
Bank USSD	31,840	-	-	-	31,840
Non-Interconnect	22,108,177	-	-	-	22,108,177
Other Receivables	413,751	-	-	-	413,751
Due from related parties	9,442,549	1,389,835	6,755,994	20,710,333	38,298,711
Net trade receivables	**41,644,718**	**13,724,691**	**7,184,729**	**20,710,333**	**83,264,471**
At 31 December 2022					
Interconnect	4,612,306	696,088	996,274	-	6,304,668
Bank USSD	452,944	-	-	-	452,944
Non-Interconnect	13,973,257	-	-	-	13,973,257
Other Receivables	1,019,129	-	-	-	1,019,129
Due from related parties	1,858,715	4,927,183	2,692,843	10,772,316	20,251,057
Net trade receivables	**21,916,351**	**5,623,271**	**3,689,117**	**10,772,316**	**42,001,055**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with designated collection banks and within credit limits assigned to each banks. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential failure to make payments.

Notes to the financial statements

37. Financial instruments (cont'd)

37.2 Financial risk management (cont'd)

(c) **Liquidity risk**

The Company monitors its risk to a shortage of funds using a recurring liquidity plan. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, shareholder loans, foreign loans and leases.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available. The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

	Total ₦'000	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 3 years ₦'000	4 to 5 years ₦'000
31 December 2023						
Interest bearing loans and borrowings	348,727,998	-	94,357,988	-	204,370,010	50,000,000
Lease liabilities	699,624,459	-	47,865,022	116,783,821	205,981,008	328,994,608
Trade and other payables	337,069,342	-	337,069,342	-	-	-
Derivative financial liabilities	132,965,987	-	-	71,869,588	61,096,399	-
Dividend payable	716,582	-	716,582	-	-	-
Total	**1,519,104,368**	**-**	**480,008,934**	**188,653,409**	**471,447,417**	**378,994,608**
31 December 2022						
Interest bearing loans and borrowings	134,276,564	-	42,397,040	-	91,879,524	-
Lease liabilities	467,779,848	-	34,937,567	104,812,700	243,036,189	84,993,392
Trade and other payables	272,730,969	-	36,631,212	236,099,757	-	-
Derivative financial liabilities	12,879,904	-	2,706,710	-	10,173,194	-
Dividend payable	137,900,882	-	137,900,882	-	-	-
Total	**1,025,568,167**	**-**	**254,573,411**	**340,912,457**	**345,088,907**	**84,993,392**

Notes to the financial statements

37. Financial instruments (cont'd)

37.2 Financial risk management (cont'd)

(d) Capital risk management

Capital is the equity attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings (including loans from parent company), trade and other payables, lease liabilities less cash and bank balances. The Company is not subject to any minimum capital requirement.

	2023 ₦'000	2022 ₦'000
Gearing Ratio		
Interest-bearing loans and borrowings	348,727,998	134,276,564
Lease liabilities	699,624,459	467,779,848
Less: cash and cash equivalent	(17,728,107)	(69,747,646)
Net debt	**1,030,624,350**	**532,308,766**
Total Equity	**(76,351,427)**	**176,940,308**
Equity and net debt	**954,272,923**	**709,249,074**
Gearing ratio	**108%**	**75.0%**

38. Net cash adjustment – statement of cash flow

38.1 Net foreign exchange difference

	2023 ₦'000	2022 ₦'000
Net foreign exchange differences (Note 13(b))	(663,592,844)	(63,638,501)
Lease Liability Exchange Difference (Note 31(a))	225,757,256	(2,924,236)
Term Loan Exchange Difference	132,301,203	10,168,667
Share Holder Loan Exchange Difference (Note 28(b))	4,907,137	-
Effect of foreign exchange on cash and cash equivalent	(2,518,312)	220,464
	(303,145,560)	**(56,173,606)**

Other foreign exchange difference relates to exchange difference on trade receivables and payables.

Notes to the financial statements

38.2 Other Non-Cash Item

	2023	2022
	₦'000	₦'000
Staff loan re-measurement (Note 12)	9,800	7,696
Interest on long service award and leave encashment (Note 13)	(5,492)	(4,404)
Lease adjustment (Note 31.1)	-	(3,576,121)
Right of use cost retirement (Note 19)	382,899	871,428
Right of use accumulated depreciation retirement (Note 19)	(299,834)	(430,183)
Interest on asset retirement obligation (Note 13)	(2,238)	(2,508)
	85,135	**(3,134,092)**

39 Going concern

The Company reported a net loss for the year ended 31 December 2023 of ₦253.29 billion (2022: Net Profit of ₦146.20 billion). The reported loss was arrived at after taking a hit of ₦663.59 billion in exchange difference. As at that date, the current liabilities exceeded its current assets by ₦586.68 billion (2022: ₦359.12 billion). There was a foreign exchange loss for the year which is due to a depreciation of the Naira from ₦461.10/$ in December 2022 to ₦951.79/$ in December 2023. Total foreign exchange loss recognised for the year ended 31 December 2023 is ₦663.59 billion (2022: ₦63.64 billion).

Management continued its growth initiatives for the future quarters / years through renewed sustainability of the non-voice revenue growth by the acquisition of 5G spectrum which was launched in mid-2023 and extending its 4G services across Nigeria during the financial year which has improved the revenue growth of the Company. There was the introduction of a separate product line to focus on data and to capitalise on the expanding 4G network. Extensive media campaigns to enhance market visibility in an effort to grow market share was also adopted. Cost saving optimization strategies initiated by the Company are also still in place to ensure consistent growth in EBITDA. The Company hopes to continue to leverage on these advantages, as well as explore additional initiatives to further drive down cost and increase profitability.

As at 31 December 2023, the Company has ₦273.5 billion credit line with local banks and $380 million with foreign banks which it could access and all the loans of the Company have been guaranteed either by the Company's All Assets Debenture or the holding company (BAIN). The Company also has a $300 million shareholder loan commitment from the holding company that is undrawn and is available for drawdown.

The financial statements are prepared on the basis that the Company will continue as a going concern. The Company continues to have the support of the holding company through the loan facilities mentioned above and the realization of assets and settlement of liabilities will occur in the ordinary course of business. The cash flow assessment for the next twelve (12) months indicates that the Company will be able to generate sufficient cash to maintain the operations and service current debt obligations.

Notes to the financial statements

40 Information relating to employees

(a) The average number of persons in the Company's employment at the end of the financial year was as follows:

	2023 Number	2022 Number
CEO's office and corporate affairs	35	35
Engineering /operation	127	125
Sales and marketing	424	387
Customer experience	35	31
Information systems	44	46
Human resources	16	15
Finance	54	50
	735	**689**

(b) Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

Range (₦)	2023 Number	2022 Number
Less than – N5,000,0000	161	183
N5,000,001- N10,000,000	156	137
N10,000,001- N15,000,000	136	135
N15,000,001- N20,000,000	101	94
N20,000,001 and above	181	140
	735	**689**

41 Contingent liabilities and Contingent assets

As at 31 December 2023, the Company had contingent liabilities of ₦4.89 billion (2022: ₦4.89 billion) in respect of legal cases. No provision in respect of this statement amount has been made in these financial statements as management does not consider that there is a probable loss. However, provision of N558.92 million has been made in respect of legal and tax cases.

There was no contingent asset as at 31 December 2023 (2022: NIL).

Notes to the financial statements

42 Regulatory Sanctions - Nigerian Communications Act of 2003

In compliance with the directive of the Nigerian Communication Commission (NCC), pursuant to the provisions of Section 53(1) of the Nigerian Communication Act 2003, there were no sanctions on the Company during the year 2023.

2022 Regulatory Sanctions

S/N	DESCRIPTION	AMOUNT (₦)	DATE
a.	Forceful subscription of Value-Added Services (VAS) without prior consent of the subscribers in contravention of NCC's Directive. This is still in discussion with the regulator.	10,000,000	01 Jan 2022
b.	Contravention of Section 108 of Nigerian Communication Commission Act, 2003 Airtel 6X Tariff Plan	10,000,000	10 May 2022
	Total	**20,000,000**	

43 Subscriber base

	2023 Numbers '000	2022 Numbers '000
Opening subscriber base	60,066	53,927
Net subscriber connection added / reduction during the year	1,768	6,139
Closing subscriber base	**61,834**	**60,066**

Active subscribers are determined based on a 90-day revenue generating cycle.

44 Segment reporting

The Company carries out its operations entirely in Nigeria which is considered one geographical segment. Based on the scope of IFRS 8, the Company does not have publicly traded instruments. Accordingly, no operating segment information is presented.

45 Reclassification of prior year balances

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations in prior year.

46 Events after the reporting period

The directors are of the opinion that there were no post balance sheet events that could have material effect on the state of affairs of the Company at 31 December 2023 and on the profit or loss for the year ended on that date that have not been taken into accounts in these financial statements

OTHER NATIONAL DISCLOSURES

Value Added Statement

	2023 ₦'000	%	2022 ₦'000	%
Revenue	1,088,075,287		893,889,359	
Bought-in-materials and services				
- Local	(1,145,726,000)		(461,145,671)	
-Imported	(27,217,125)		(22,820,431)	
Value added by operating activities	**(84,867,838)**		**409,923,257**	
Non trading items:				
Other income	5,109,621		349,427	
Finance income	1,463,850		7,865,870	
Value Added	**(78,294,367)**	**100**	**418,138,554**	**100**
Applied as follows:				
To pay employees' salaries, wages and fringe benefits	20,964,238	(27)	18,424,492	4
To pay providers of capital – interest	94,641,847	(121)	49,236,741	12
Current taxation	27,840,628	(36)	40,944,321	10
Deferred Tax	(159,349,036)	204	26,769,627	6
To provide for depreciation of fixed assets	73,286,651	(94)	62,072,953	15
To provide for depreciation of right of use assets	89,201,454	(114)	59,467,841	14
To provide for amortisation of intangible assets	28,411,586	(36)	15,018,657	4
(Loss)/Profit sustained/retained for operations	(253,291,735)	324	146,203,922	35
Value Added	**(78,294,367)**	**100**	**418,138,554**	**100**

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

Five-Year Financial Summary

	2023 ₦'million	2022 ₦'million	2021 ₦'million	2020 ₦'million	2019 ₦'million
Statement of Comprehensive Income					
Revenue from operations	1,088,075	893,889	734,819	575,910	468,961
Gross profit	640,046	515,021	443,000	347,847	284,119
EBITDA	436,600	362,320	346,145	273,447	252,520
Gain on sale of towers and assets	-	-	-	-	2,367
Customer acquisition cost	-	-	-	-	1,911
LTE Modernization	-	-	-	-	(1,842)
Profit/(Loss) before taxation	(384,800)	213,918	251,527	185,114	167,999
Taxation	131,508	(67,714)	(80,842)	(53,742)	(39,551)
Profit/(Loss) for the year	**(253,292)**	**146,204**	**170,685**	**131,372**	**128,448**
Statement of financial position					
Property, plant and equipment	536,840	420,622	385,340	322,168	240,784
Right of use	367,020	344,306	172,038	114,760	88,386
Intangible assets	263,765	233,508	106,445	46,758	22,130
Deferred tax assets / (liabilities)	155,984	(3,366)	23,405	63,171	88,173
Derivative financial assets	-	-	169		
Investment in subsidiary	5,050	5,050	50	50	50
Other Non-current assets	32,821	17,053	5,431	6,995	7,014
Net current liabilities	(586,681)	(359,119)	(145,516)	(94,561)	(157,705)
Interest bearing loans and borrowings (non-current)	(254,370)	(91,880)	(20,533)	(27,140)	-
Employee benefits liability (non-current)	(14)	(16)	(55)	(41)	(29)
Deferred revenue - (non-current)	(651)	(606)	(131)	(149)	(98)
Provisions (non-current)	(44)	(41)	(39)	(37)	(25)
Derivative financial liabilities	(61,096)	(10,173)	(1,551)		
Finance leases obligation (non-current)	(534,977)	(378,399)	(228,477)	(184,239)	(166,430)
Net assets	**(76,353)**	**176,939**	**296,576**	**247,736**	**122,250**
Equity					
Share capital	13,287	13,287	13,287	4,127	4,127
Treasury Shares	(67,554)	(67,554)	(67,554)		
Share premium	67,235	67,235	67,235	67,235	67,235
Retained earnings/(loss)	(89,321)	163,971	283,608	176,374	50,888
Equity attributable to owners of the Company	**(76,353)**	**176,939**	**296,576**	**247,736**	**122,250**
Earnings/(loss) per share:					
- Basic	(₦20.77)	₦11.99	₦12.93	₦9.89	₦9.67
- Diluted	(₦20.77)	₦11.99	₦12.93	₦9.89	₦9.67