



**AIRTEL RWANDA LTD  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st DECEMBER 2023**

AIRTEL RWANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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**CORPORATE INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**DIRECTORS**

**The directors who served during the year and to the date of this report were:**

| Name                 | Role                   | Date of appointment/resignation |
|----------------------|------------------------|---------------------------------|
| Mr. Richard Mugisha  | Chairman               | Appointed on 01 December 2014   |
| Mr. Emmanuel Hamez   | Managing Director      | Appointed on 01 September 2021  |
| Mr. Alok Bafna       | Non-Executive Director | Appointed on 04 July 2017       |
| Mr. Apoorva Mehrotra | Non-Executive Director | Appointed on 20 October 2022    |

**PRINCIPAL PLACE OF  
BUSINESS AND  
REGISTERED OFFICE**

Airtel Rwanda Limited  
Remera, Gasabo  
P.O. Box 4164  
Kigali, Rwanda

**AUDITORS**

BDO East Africa (Rwanda) Ltd  
Certified Public Accountants  
Career Centre Building, 8<sup>th</sup> Floor  
KG 7AV, PO Box 6953  
Kigali, Rwanda

**BANKERS**

|   |   |
|---|---|
| Bank of Kigali Plc<br>P.O. Box 175<br>Kigali, Rwanda                | Access Bank Rwanda Limited Plc<br>P.O Box 2059<br>Kigali, Rwanda      |
| Ecobank Rwanda Plc<br>P.O. Box 3268<br>Kigali, Rwanda               | Equity Bank Rwanda Plc<br>P.O. Box 494<br>Kigali, Rwanda              |
| Deutsche Bank<br>P.O. Box 5230<br>Kigali, Rwanda                    | Zigama Credit and savings bank Plc<br>P.O. Box 4772<br>Kigali, Rwanda |
| The Hongkong & Shanghai Banking<br>Corporation Limited<br>Singapore |   |

**SECRETARY**

Mr. Shema Baker  
C/O Airtel Rwanda Limited  
P.O. Box 4164  
Kigali, Rwanda

**LEGAL ADVISORS**

Trust law chambers  
P.O Box 6679  
Kigali, Rwanda

B&A Advocates  
P.O Box 4067  
Kigali, Rwanda

# AIRTEL RWANDA LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submit their report on the affairs of the Company together with financial statements and the auditors' report for the year ended 31 December 2023, which disclose the state of affairs of the Company.

### 1. INCORPORATION INFORMATION

Airtel Rwanda Limited (the Company) is a limited liability Company incorporated and domiciled in Rwanda and its registered office is Airtel Rwanda Limited, Remera, Gasabo, P.O. Box 4164, Kigali Rwanda. The principal activity of the Company is the provision of a public GSM mobile telecommunication network in Rwanda.

### 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of a public mobile telecommunication network.

### 3. RESULTS

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

### 4. DIVIDEND

The directors do not recommend payment of dividend with respect to the year ended 31 December 2023 (2022: Nil).

### 5. RESERVES

The reserves of the Company are set out on page 10.

### 6. DIRECTORS

The Directors who held office during the year and to the date of this report are set out on page 1.

### 7. STAFF WELFARE

Management has designed a number of compensation packages in order to recruit and retain good quality and dedicated staff, including advances. Other staff incentives include a health insurance package.

### 8. RELATIONSHIP WITH STAKEHOLDERS

Airtel Rwanda Limited continues to maintain a good relationship with all stakeholders including the regulators.

### 9. RELATED PARTIES

All related party transactions and balances are disclosed in note 22 to these financial statements.

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

10. GOING CONCERN

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

- a) Will generate cash inflows from operations;
- b) Will obtain funding from the third parties; and
- c) The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due.

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

11. AUDITORS

BDO East Africa (Rwanda) Ltd were appointed initially in the year 2021 and have expressed their willingness to continue in office in accordance with Law No 007/2021 of 05/02/2021 as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies in Rwanda.

12. DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

**By Order of the Board**

The financial statements on pages 8 to 49 were approved at a meeting of the Directors held on 25<sup>th</sup>/03/2024 and signed on its behalf by:

Shema Baker

  
Company Secretary

25<sup>th</sup>/03/2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2023


Law No 007/2021 of 05/02/2021 governing companies as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

In preparing our company's financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Airtel Rwanda will continue in business
- Present information, including accounting policies, in a way that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when the specific requirements in IFRSs do not enable readers to understand the impact of transactions, other events and conditions on our financial position and financial performance
- Make an assessment of our ability to continue as a going concern

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company as at 31 December 2023 and of its loss and cash flows for the year then ended in accordance with the IFRS Accounting Standards and the requirements of the Rwanda Law No 007/2021 of 05/02/2021 governing companies as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies.

The financial statements set out on pages 8 to 49, which have been prepared on the going concern basis, were approved by the board of directors on \_\_\_\_\_ 2024 and were signed on their behalf by:

  
Emmanuel Hamezi  
Managing Director

25/03/2024 2024



  
Richard Mugisha  
Chairman

25/03 2024

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Airtel Rwanda Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Airtel Rwanda Limited ("the Company") set out on pages 8 to 49, which comprise:

- the statement of financial position as at December 31, 2023,
- the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of Rwanda Companies Act (Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No. 019/2023 of 30/03/2023).

#### 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 ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 38 in the financial statements, which indicates that the Company incurred a net loss of Rwf 106 million (2022: Rwf 40 million), during the year ended December 31, 2023 and, as at that date, accumulated losses were Rwf 488 million (2022: Rwf 382 million) and the Company's total liabilities exceeded its total assets by Rwf 488 million (2022: Rwf 382 million). As stated in Note 38, these events or conditions, along with other matters as set forth in Note 38, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Report of the Directors and Statement of Directors' Responsibilities, but does not include the financial statements and our auditor's report thereon.

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

*BA.*

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

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

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

As required by the Rwanda Companies Act we report to you, based on our audit, that:

- We have no relationship, interest or debt with Company. As indicated in our report on the audit of the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which includes comprehensive independence and other requirements.
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- We have communicated with those charged with governance our significant audit findings, and significant deficiencies in internal control that we identified during our audit.
- According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the company, the financial statements comply with Article 125 of Rwanda Companies Act.

BDO East Africa (Rwanda) Ltd  
Certified Public Accountants  
Career Center Building, 8<sup>th</sup> Floor.  
KG 541st, P.O Box 6593  
Kigali, Rwanda



**BDO EA RWANDA Ltd**  
**Tel: +250 788309225**  
**+250 738304070**  
**P.O Box 6593 Kigali, Rwanda**

CPA Roy Kinoti Nkandau  
PC/CPA 0647/0134  
Engagement Partner

Date: 02 April 2024

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(All amounts are in Thousand Rwf, unless stated otherwise)

|                               | Note | For the year ended 31st December |                     |
|-------------------------------|------|----------------------------------|---------------------|
|                               |      | 2023                             | 2022                |
| Revenue                       | 5    | 54,768,510                       | 39,557,390          |
| Other income                  | 5    | 186,730                          | 36,330              |
|                               |      | <b>54,955,240</b>                | <b>39,593,720</b>   |
| Access charges                | 6    | 9,617,920                        | 7,803,694           |
| Network operating expenses    | 7    | 18,004,619                       | 14,645,173          |
| License fees                  | 8    | 3,781,409                        | 2,266,959           |
| Employee benefit expenses     | 9    | 6,026,402                        | 6,451,044           |
| Sales and marketing expenses  | 10   | 9,890,985                        | 6,024,923           |
| Other operating expenses      | 11   | 4,714,530                        | 3,278,778           |
| Depreciation and amortization | 12   | 19,736,808                       | 15,847,795          |
|                               |      | <b>71,772,673</b>                | <b>56,318,365</b>   |
| Operating loss                |      | (16,817,433)                     | (16,724,645)        |
| Foreign exchange loss         | 13   | 75,438,981                       | 12,176,143          |
| Finance costs                 | 14   | 14,150,623                       | 11,344,816          |
| Finance Income                | 14   | (425,472)                        | -                   |
| <b>Loss before taxation</b>   |      | <b>(105,981,565)</b>             | <b>(40,245,604)</b> |
| Income tax expense            | 29   | -                                | -                   |
| Loss for the period           |      | <b>(105,981,565)</b>             | <b>(40,245,604)</b> |
| Other comprehensive Loss      |      | 5,192                            | 4,597               |
| Total comprehensive loss      |      | <u>(105,986,757)</u>             | <u>(40,241,007)</u> |

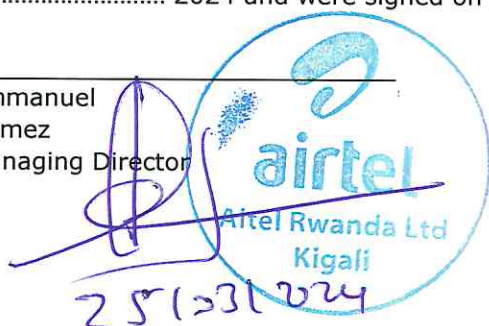
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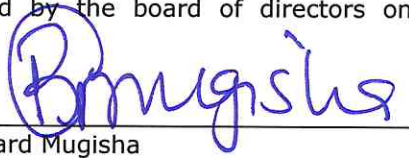
**AIRTEL RWANDA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
For the Year ended December 31, 2023  
**STATEMENT OF FINANCIAL POSITION**  
(All amounts are in thousand Rwf, unless stated otherwise)

|                                       |       | As at 31st December  |                      |
|---------------------------------------|-------|----------------------|----------------------|
|                                       | Notes | 2023                 | 2022                 |
| <u>Non-current assets</u>             |       |                      |                      |
| Property, plant and equipment         | 15    | 36,705,610           | 37,803,280           |
| Capital work in progress              | 15    | 3,424,225            | 4,889,931            |
| Right of use asset                    | 17    | 14,620,015           | 17,935,428           |
| Intangible assets                     | 16    | 7,319,364            | 8,286,790            |
| Goodwill                              | 18    | 10,242,636           | 10,242,636           |
| Other non-current assets              | 19    | 3,491,233            | 2,702,829            |
|                                       |       | <u>75,803,083</u>    | <u>81,860,894</u>    |
| <u>Current assets</u>                 |       |                      |                      |
| Inventories                           | 20    | 272,952              | 275,287              |
| Trade and other receivables           | 21    | 13,732,248           | 13,548,505           |
| Due from related parties              | 22    | 16,746,797           | 12,528,045           |
| Cash and cash equivalents             | 25    | 26,758,447           | 3,306,748            |
| Other bank balance                    | 25    | 31,498,000           | -                    |
|                                       |       | <u>89,008,444</u>    | <u>29,658,585</u>    |
| <b>Total assets</b>                   |       | <u>164,811,527</u>   | <u>111,519,479</u>   |
| <u>Equity</u>                         |       |                      |                      |
| Share capital                         | 24    | 100,000              | 100,000              |
| Accumulated losses                    |       | <u>(487,824,178)</u> | <u>(381,837,421)</u> |
|                                       |       | <u>(487,724,178)</u> | <u>(381,737,421)</u> |
| <u>Non-current liabilities</u>        |       |                      |                      |
| Borrowings                            | 23    | 495,651,783          | 402,092,569          |
| Lease liabilities                     | 31(c) | 22,564,174           | 26,674,516           |
| Deferred Revenue                      | 27    | 6,770,224            | 8,044,623            |
|                                       |       | <u>524,986,181</u>   | <u>436,811,708</u>   |
| <u>Current liabilities</u>            |       |                      |                      |
| Other non-financial liabilities       | 30    | 50,200,747           | -                    |
| Lease liabilities                     | 31(c) | 7,777,457            | 6,596,453            |
| Borrowings                            | 23    | 2,418,298            | 2,722,004            |
| Trade and other payables              | 26    | 39,986,188           | 25,321,678           |
| Due to related parties                | 22    | 19,483,549           | 16,189,017           |
| Deferred revenue                      | 27    | 3,413,460            | 2,440,636            |
| Bank overdraft                        | 28    | 4,269,825            | 3,175,404            |
|                                       |       | <u>127,549,524</u>   | <u>56,445,192</u>    |
| <b>Total equity &amp; liabilities</b> |       | <u>164,811,527</u>   | <u>111,519,479</u>   |

The financial statements on pages 8 to 49 were approved by the board of directors on ..... 2024 and were signed on its behalf by:

Emmanuel  
Hamez  
Managing Director

  
25/03/2024

  
Richard Mugisha  
Chairman

25/03/2024

AIRTEL RWANDA LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
For the Year ended December 31, 2023

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousand Rwf, unless stated otherwise)

|                            | Share capital<br>Rwf '000 | Accumulated<br>losses<br>Rwf '000 | Total<br>Rwf '000    |
|----------------------------|---------------------------|-----------------------------------|----------------------|
| <i>At 1 January 2023</i>   | 100,000                   | (381,837,421)                     | (381,737,421)        |
| Total comprehensive loss   | <u>-</u>                  | <u>(105,986,757)</u>              | <u>(105,986,757)</u> |
| <i>At 31 December 2023</i> | <u>100,000</u>            | <u>(487,824,178)</u>              | <u>(487,724,178)</u> |
| <i>At 1 January 2022</i>   | 100,000                   | (341,596,414)                     | (341,565,946)        |
| Total comprehensive loss   | <u>-</u>                  | <u>(40,241,007)</u>               | <u>(40,241,007)</u>  |
| <i>At 31 December 2022</i> | <u>100,000</u>            | <u>(381,837,421)</u>              | <u>(381,737,421)</u> |

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AIRTEL RWANDA LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
For the Year ended December 31, 2023

STATEMENT OF CASH FLOWS

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

|  |      | For the year ended 31 December |                    |
|--|------|--------------------------------|--------------------|
|  | Note | 2023                           | 2022               |
| <b>OPERATING ACTIVITIES:</b>                           |      |                                |                    |
| Loss before tax  |      | (105,981,565)                  | (40,245,604)       |
| <i>Adjustments for:</i>                                |      |                                |                    |
| Depreciation on property, plant and equipment          | 12   | 14,615,775                     | 9,985,093          |
| Amortizations of intangible asset                      | 12   | 967,426                        | 1,642,014          |
| Depreciation on right of use asset                     | 12   | 4,153,607                      | 4,220,688          |
| Provision for bad debt                                 | 11   | (16,611)                       | 201,384            |
| Unrealized foreign exchange                            |      | 76,728,650                     | 12,331,232         |
| Interest expenses                                      | 14   | 14,150,623                     | 11,073,593         |
| Fair Value of loan amortization                        | 23   | -                              | 224,568            |
| Grant received   | 30   | 50,200,747                     | -                  |
| Operating Profit before working capital changes        |      | 54,818,652                     | (567,032)          |
| <i>Working Capital Changes</i>                         |      |                                |                    |
| Inventories  |      | 2,335                          | (209,293)          |
| Trade and other receivables and due from related party |      | (5,252,394)                    | (1,843,140)        |
| Trade and other payables and due to Related party      |      | 16,637,085                     | 1,226,837          |
| Deferred revenue                                       |      | (301,575)                      | 8,454,939          |
| Net cash used in operating activities                  |      | 65,904,103                     | 7,062,311          |
| Income tax paid  | 29   | -                              | -                  |
| Net cash used in operating activities                  |      | <u>65,904,103</u>              | <u>7,062,311</u>   |
| <b>INVESTING ACTIVITIES:</b>                           |      |                                |                    |
| Purchase of property, plant and equipment              | 15   | (12,491,609)                   | (6,310,921)        |
| Investing in deposit with bank                         |      | (31,498,000)                   | -                  |
| Net cash generated from/used in investing activities   |      | <u>(43,989,609)</u>            | <u>(6,310,921)</u> |
| <b>FINANCING ACTIVITIES:</b>                           |      |                                |                    |
| Proceeds from borrowings                               | 23   | 23,652,192                     | 22,793,880         |
| Repayment of borrowings                                | 23   | (2,722,004)                    | (5,422,461)        |
| Repayment of lease liabilities                         |      | (10,853,193)                   | (10,316,319)       |
| Interest and other finance charges paid                |      | (9,634,211)                    | (6,459,200)        |
| Net cash used in/generated from financing activities   |      | <u>442,784</u>                 | <u>595,900</u>     |
| Increase/(decrease) in cash and cash equivalents       |      | 22,357,278                     | 1,347,290          |
| Cash and cash equivalents at the beginning of the year |      | 131,344                        | (1,215,946)        |
| Cash and cash equivalents at the end of the year       |      | <u>22,488,622</u>              | <u>131,344</u>     |
| <i>Represented by:</i>                                 |      |                                |                    |
| Cash and cash equivalents                              | 25   | 26,758,447                     | 3,306,748          |
| Bank overdraft   | 28   | (4,269,825)                    | (3,175,404)        |
|  |      | <u>22,488,622</u>              | <u>131,344</u>     |

**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year ended December 31, 2023**

**1. Corporate information**

Airtel Rwanda Limited (the Company) is a limited liability Company incorporated and domiciled in Rwanda and its registered office is Airtel Rwanda Limited, Remera, Gasabo, P.O. Box 4164, Kigali Rwanda. The principal activity of the Company is the provision of a public GSM mobile telecommunication network in Rwanda.

The parent Company is Bharti Airtel Rwanda Holdings Limited, which owns 100% shareholding of the Company. The intermediate parent of the company is Airtel Africa plc (formerly known as Airtel Africa Limited) which is listed in London Stock Exchange. The intermediate parent of Airtel Africa plc is Bharti Airtel Limited which is registered in India and listed in Bombay Stock Exchange and National Stock Exchange of India.

**2. Application of new and revised IFRS Accounting Standards (IFRSs)**

**2.1. New and revised IFRSs in issue but not yet effective**

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

- Amendments to IFRS 16 in relation to leases on sale and leaseback
- Amendments to IAS 1 in relation to non-current liabilities with covenants
- Classification of Liabilities as Current or Non-Current (Amendments to IAS1 Presentation of Financial Statements)
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
- Amendments to IAS 21 - Lack of Exchangeability

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

**2.2 New and revised IFRSs that are effective for current year**

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

- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to assets and liabilities arising from a single transaction
- Amendments to IFRS 17 - Insurance contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

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AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**3. Accounting policies**

***Summary of Material accounting policy information***

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

***3.1. Statement of compliance***

The Company's financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

***3.2. Basis of Preparation***

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

***3.3. Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities, excluding discounts, rebates, and net of value-added tax (VAT) or duty.

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The Company recognises revenue when it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below.

The following specific recognition criteria must also be met before revenue is recognised:

- *Sales of goods*

Sales of goods (handsets) are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

- *Service revenues*

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges, internet usage charges, roaming charges, activation fees and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls.

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid cards are recognised based on actual usage. Activation revenue and cost are recognized upfront on sim and activation Subscriber acquisition costs are expensed as incurred.

Revenues from national and international long-distance operations comprise revenue from provision of voice services which are recognised on provision of services while revenue from provision of bandwidth services is recognised over the period of arrangement.

The company estimates that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and thus defer the cost basis the average customer life.

Deferred revenue includes amount received in advance on pre-paid recharge. The related services are expected to be performed within the next operating cycle.

### 3.4. Deferred grant

Grant received to subsidize the cost of 4G handset is included in current liabilities as deferred grant income and is used to reduce the cost of purchase of inventories at the time of purchase.

### 3.5. Foreign currencies

#### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Rwanda Francs which has been determined to be the entity's functional currency.

#### (ii) Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions.

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the foreign exchange rate ruling at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income or profit, or loss are also recognised in OCI or profit or loss, respectively).

*3.6. Employee benefits*

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit plans, other long-term benefits including compensated absences. The employee benefits are recognised in the year in which the associated services are rendered by the employees. Short-term employee benefits are recognised in Statement of profit or loss at undiscounted amounts during the period in which the related services are rendered. Details of long-term employee benefits are provided below:

*Defined Contribution plans*

The Company contributes to a statutory defined contribution pension scheme, the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 5% of the employees' gross salary. The Company's RSSB contributions are charged to profit or loss in the period to which they relate. The Company has no further obligations under these plans beyond its periodic contributions.

*Defined benefit plans*

The company has defined benefit plans in form of 'Retirement Benefits' wherein, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each quarterly reporting periods. The obligation towards the said benefits is recognised in the balance sheet under provisions, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using an appropriate discount rate.

Defined benefit costs are split into the following categories:

- i. Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements.
- ii. Interest expense; and
- iii. Re-measurements.

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. Re-measurements comprising actuarial gains and losses are recognised immediately as a charge or credit to other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are not reclassified.

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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*Other entitlements*

The employees of the company are entitled to compensated absences. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

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

**3.7. Taxation**

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

Current tax and deferred tax is recognised as an expense or income in profit or loss, except to the extent that it relates to items credited or debited directly to equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

**(i) Current 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date. 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.

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

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

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

**(ii) Deferred tax**

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and **assessed for recoverability based on best estimates of future taxable profits.**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

3.8. Property, plant and equipment and capital work in progress

*i) Property, plant and equipment*

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

The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Further, it includes assets installed on the premises of customers as the associated risks, rewards and control remain with the Company.

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is derecognised from the statement of financial position and cost of the new item of PPE is recognised. The expenditures that are incurred after an item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of comprehensive income in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

When funds borrowed are specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of the borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowings.

Gains and losses arising from retirement or disposal of 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 on the date of retirement and disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The asset's residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment and adjusted prospectively. Land is not depreciated:

|   |   |  |
|---|---|--|
| • Buildings                                   | - | 20 years                                       |
| • Buildings improvements                      | - | Period of lease or 20 years, whichever is less |
| • Network equipment                           | - | 3 - 25 years                                   |
| • Motor Vehicles                              | - | 5 years  |
| • Furniture and fixtures and office equipment | - | 2-5 years                                      |
| • Computer equipment                          | - | 1-3 years                                      |

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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The estimated useful lives, residual values and depreciation method are reviewed at each year end. The effect of any changes in estimate is accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of comprehensive income.

*ii) Capital work-in-progress*

Assets related to construction/installation of capital projects are measured at historical costs which is comprised of purchase price plus any expenditure incurred up to the completion date. All capital work in progress are only transferred into the relevant property, plant and equipment categories once completed and commissioned.

3.9. Intangible assets

The Company's intangible asset comprises of licenses, goodwill and Customer base.

Acquired licenses and customer base are initially recognised at cost. Subsequently, license and customer base are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognised in profit or loss on a straight-line basis over their useful lives. Amortisation periods are reviewed annually and adjusted prospectively as required. Gains or losses arising from de-recognition of licenses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets purchased. Goodwill is not amortised; however, it is tested annually for impairment and carried at cost less any accumulated impairment losses. The gain / (losses) on the disposal of a cash-generating-unit ('CGU') include the carrying amount of goodwill relating to the CGU sold (in case goodwill has been allocated to group of CGUs; it is determined on the basis of the relative fair value of the operations sold).

Revaluation

After initial recognition, intangible assets excluding goodwill, are carried at revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on intangible assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for the asset, the asset is carried at its cost less any accumulated amortisation and impairment losses.

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AIRTEL RWANDA LIMITED  
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If the fair value of a revalued intangible asset can no longer be measured by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. The fact that an active market no longer exists for a revalued intangible asset may indicate that the asset may be impaired and that it needs to be tested in accordance with IAS 36 Impairment of Assets.

Cost and revaluation model

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life 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 are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate;

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

Subsequent to initial recognition of the development expenditure as an asset, the asset is carried at cost or revaluation as applicable less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. The intangible is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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AIRTEL RWANDA LIMITED  
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3.10. Impairment of non-financial assets

Property, plant & equipment and intangible assets

Property, plant & equipment and intangible assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. 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 cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in profit or loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro rata basis. Impairment losses, if any, are recognised in statement of profit and loss.

Reversal of impairment losses

Impairment losses are reversed and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset in previous years.

3.11. 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 the Company will be required to settle the obligation, and which a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of comprehensive income date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12. Cash and cash equivalents

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

For the purpose of the statement the cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts included in current liabilities in the statement of financial position, and which are considered an integral part of the Company's cash management.

3.13. Statement of cash flow

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

AIRTEL RWANDA LIMITED  
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3.14. Financial instruments

a. *Recognition, classification, and presentation*

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

The company classifies its financial assets in the following categories:

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

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

b. *Measurement - Non-derivative financial instruments*

I. Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Statement of Comprehensive Income.

II. Subsequent measurement - financial assets

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

• Financial assets measured at amortised cost

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

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

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

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('FVTOCI') are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value."

AIRTEL RWANDA LIMITED  
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Impairment of Financial Assets

The company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used.

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

III. Subsequent measurement - financial liabilities

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

c. De-recognition

Financial liabilities are derecognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released.

The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the statement of comprehensive income.

d. foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically-

- for financial assets measured at amortised cost, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve

3.15. Share capital

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

3.16. 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.

AIRTEL RWANDA LIMITED  
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3.17. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected useful life of the financial asset to that asset's net carrying amount on initial recognition.

3.18. Leases

The company has applied IFRS 16 using the modified retrospective approach with effect from January 1, 2019. The company elected to apply the practical expedient included in IFRS 16 and therefore retained its existent assessment under IAS 17 and IFRIC 4 as to whether a contract entered or modified before January 1, 2016 contains a lease.

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.

3.18.1. Company as a lessee

On initial application of IFRS 16, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019 whereas the Company has elected to measure right-of-use asset at its carrying amount as if IFRS 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at January 1, 2019. The Company has elected not to recognise a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months of January 1, 2019 and has accounted for these leases as short-term leases.

For new lease contracts, 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.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

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AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

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

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.

i. Plant and equipment

The Company leases passive infrastructure for providing telecommunication services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy etc. services. These leases typically run for a period of 3 to 15 years. Some leases include an option to renew the lease mainly for an additional period of 3 to 10 years after the end of initial contract term.

A portion of certain lease payments change on account of changes in consumer price indices (CPI). Such payment terms are common in lease agreements in the geography where the Company operates. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

ii. Other leases

The Company's other leases comprise of lease of shops, showrooms, guest houses, warehouses, data centers, vehicles and Indefeasible right of use (IRU)

3.18.2. Company as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

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

When a contract includes lease and non-lease components, the Company applies IFRS 16 to allocate the consideration under the contract to each component.

**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year ended December 31, 2023**

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

**3.19. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on first-in first-out basis. Net realisable value represents the estimated selling prices for inventories less all estimated costs of completion and costs necessary to make the sale.

**3.20. Comparatives**

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

**4. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**A. Receivables**

Critical estimates are made by the directors in determining the recoverable amount of impaired receivables. Factors taken into consideration in making such judgements include historical trends and the number of days a debt is past its due date for payment. The carrying amount of impaired receivables is set out in Note 18.

**B. Taxes**

**1. Current income tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

**2. Deferred tax**

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

**C. Determination of residual values and useful lives**

Judgement and estimations are used when determining the residual values and useful lives of property, plant and equipment on annual basis.

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**Critical judgements in applying the entity's accounting policies**

In the process of applying the company's accounting policies, management has made judgements in determining:

- the classification of financial assets.
- revenue recognition allocation to different components.
- determining whether assets are impaired, or not.

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AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

|                              | 31 December<br>2023<br>Rwf'000 | 31 December<br>2022<br>Rwf'000 |
|------------------------------|--------------------------------|--------------------------------|
| <b>5. Revenue</b>            |                                |                                |
| Voice revenue                | 30,003,266                     | 18,395,420                     |
| Data revenue                 | 9,909,340                      | 8,055,816                      |
| Messaging and VAS revenue    | 2,381,618                      | 2,582,633                      |
| Lease line revenue           | 4,110,749                      | 4,533,681                      |
| Roaming revenue              | 673,649                        | 559,043                        |
| Interconnect revenue         | 4,931,840                      | 4,547,843                      |
| Site share revenue           | 78,357                         | -                              |
| <i>Revenue from services</i> | <u>52,088,819</u>              | <u>38,674,436</u>              |
| Sale of goods                | <u>2,679,691</u>               | <u>882,954</u>                 |
| Total                        | 54,768,510                     | 39,557,390                     |
| Other income                 | <u>186,730</u>                 | <u>36,330</u>                  |
|                              | 54,955,240                     | 39,593,720                     |

Performance obligations that are unsatisfied or partially satisfied amounts to Rwf'000 10,183,684 thousand as at 31 December 2023 and Rwf'000 10,485,258 thousands as at 31 December 2022 respectively. Contract assets (unbilled debtors) amounts to Rwf'000 881,550 as at 31 December 2023 and Rwf'000 1,398,612 as at 31 December 2022 respectively.

Other income includes scrap sale and liability written back

|   |                   |                   |
|---|-------------------|-------------------|
| <b>6. Access charges</b>                                |                   |                   |
| Interconnection international costs                     | 1,437,504         | 927,226           |
| Interconnection Local costs                             | 7,604,900         | 6,110,173         |
| Fees on international interconnect traffic (IGTVS fees) | <u>575,516</u>    | <u>766,295</u>    |
|   | <u>9,617,920</u>  | <u>7,803,694</u>  |
| <b>7. Network operating expenses</b>                    |                   |                   |
| Site running expenses                                   | 11,651,233        | 8,892,664         |
| Repairs & maintenance including managed service         | 4,967,059         | 3,828,391         |
| Bandwidth/lease line charges                            | 1,264,955         | 1,755,143         |
| Other network expenditure                               | <u>121,372</u>    | <u>168,975</u>    |
|   | <u>18,004,619</u> | <u>14,645,173</u> |

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31 December 31 December

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

|   | 2023<br>Rwf'000   | 2022<br>Rwf'000   |
|---|-------------------|-------------------|
| <b>8. License fees</b>                                  |                   |                   |
| License fees  | 3,781,409         | 2,266,959         |
|   | <u>3,781,409</u>  | <u>2,264,959</u>  |
| <b>9. Employee benefit expenses</b>                     |                   |                   |
| Salaries and wages including bonus                      | 5,695,049         | 6,081,534         |
| Other cost  | 331,353           | 369,510           |
|   | <u>6,026,402</u>  | <u>6,451,044</u>  |
| <b>10. Sales and marketing expenses</b>                 |                   |                   |
| Marketing Expenses                                      | 2,070,129         | 1,192,720         |
| Sales and distribution expenses                         | 7,820,856         | 4,832,203         |
|   | <u>9,890,985</u>  | <u>6,024,923</u>  |
| <b>11. Other operating expenses</b>                     |                   |                   |
| Travel costs  | 263,690           | 182,926           |
| Professional fees                                       | 163,362           | 66,643            |
| Provision for bad debts                                 | (16,611)          | 201,384           |
| Warehouse expenses                                      | 144,829           | 235,200           |
| Audit fees  | 46,000            | 46,000            |
| Other administrative costs                              | 2,179,092         | 1,972,422         |
| Customer care expenses                                  | 409,197           | 381,117           |
| Motor vehicle expenses                                  | 287,811           | 112,929           |
| IT expenses   | 650,333           | 523,400           |
| Other sundry expenses                                   | 117,945           | 128,451           |
| Roaming charges   | 61,804            | (1,453,679)       |
| Cost of handset and accessories                         | 407,078           | 881,985           |
|   | <u>4,714,530</u>  | <u>3,278,778</u>  |
| <b>12. Depreciation and Amortisation</b>                |                   |                   |
| Depreciation on property, plant and equipment (Note 15) | 14,615,775        | 9,985,093         |
| Depreciation on right of use assets (Note 17)           | 4,153,607         | 4,220,688         |
| Amortisation of intangible assets (Note 16)             | 967,426           | 1,642,014         |
|   | <u>19,736,808</u> | <u>15,847,795</u> |

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

|  | 31 December<br>2023<br>Rwf'000 | 31 December<br>2022<br>Rwf'000 |
|--|--------------------------------|--------------------------------|
| <b>13. Foreign exchange loss (Net)</b> |                                |                                |
| Foreign exchange – realized            | (1,289,669)                    | (91,587)                       |
| Foreign exchange – unrealized          | <u>76,728,650</u>              | <u>12,267,730</u>              |
|  | <u>75,438,981</u>              | <u>12,176,143</u>              |
| <b>14. Finance costs and income</b>    |                                |                                |
| <b>Finance costs</b>                   |                                |                                |
| Interest on borrowings                 | 9,122,968                      | 5,609,002                      |
| Interest on lease liabilities          | 4,734,724                      | 5,531,260                      |
| Other finance costs                    | <u>292,931</u>                 | <u>204,554</u>                 |
|  | <u>14,150,623</u>              | <u>11,344,816</u>              |
| <b>Finance income</b>                  |                                |                                |
| Interest income on deposits            | <u>425,472</u>                 | <u>-</u>                       |
|  | <u>425,472</u>                 | <u>-</u>                       |

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**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year ended December 31, 2023**  
**15. Property, plant and equipment**

| Year ended 31 December 2023     | Building<br>Improvements<br>Rwf'000 | Buildings<br>Rwf'000 | Network<br>Equipment<br>Rwf'000 | Furniture<br>and fixtures<br>Rwf'000 | Computer<br>equipment<br>Rwf'000 | Motor<br>Vehicles<br>Rwf'000 | Total<br>Rwf'000 | Capital work-<br>in progress <sup>1</sup><br>Rwf'000 |
|---------------------------------|-------------------------------------|----------------------|---------------------------------|--------------------------------------|----------------------------------|------------------------------|------------------|--|
| <u>Cost</u>                     |                                     |                      |                                 |                                      |                                  |                              |                  |  |
| At 01 January 2023              | 365,050                             | 4,613,321            | 174,730,580                     | 1,912,289                            | 25,345,044                       | 905,390                      | 207,871,674      | 4,889,931  |
| Additions                       | -                                   | -                    | 11,298,558                      | 671,753                              | 1,547,790                        | -                            | 13,518,101       | 12,052,396   |
| Capitalized<br>Reclass          | -                                   | -                    | -                               | -                                    | -                                | -                            | -                | (13,518,102)   |
|                                 | -                                   | -                    | 176,900                         | 70,836                               | (247,736)                        | -                            | -                | -  |
| At 31 December 2023             | 365,050                             | 4,613,321            | 186,206,038                     | 2,654,878                            | 26,645,098                       | 905,390                      | 221,389,775      | 3,424,225  |
| <u>Accumulated Depreciation</u> |                                     |                      |                                 |                                      |                                  |                              |                  |  |
| At 01 January 2023              | 198,128                             | 2,341,091            | 141,349,761                     | 1,484,892                            | 23,789,132                       | 905,390                      | 170,068,394      | -  |
| Charge for the year             | 11,443                              | 266,495              | 12,869,277                      | 495,108                              | 973,448                          | -                            | 14,615,771       | -  |
| At 31 December 2023             | 209,571                             | 2,607,586            | 154,219,038                     | 1,980,000                            | 24,762,580                       | 905,390                      | 184,684,165      | -  |
| <u>Net carrying amount</u>      |                                     |                      |                                 |                                      |                                  |                              |                  |  |
| At 31 December 2023             | 155,479                             | 2,005,735            | 31,987,000                      | 674,878                              | 1,882,518                        | -                            | 36,705,610       | 3,424,225  |

<sup>1</sup> The carrying value of Capital work-in progress as at December 31, 2023 and December 31, 2022 mainly pertains to network equipment

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**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

**15. Property, plant and equipment (Continued)**

| Year ended 31 December 2022     | Building<br>Improvements<br>Rwf'000 | Buildings<br>Rwf'000 | Network<br>Equipment<br>Rwf'000 | Furniture<br>and fixtures<br>Rwf'000 | Computer<br>equipment<br>Rwf'000 | Motor<br>Vehicles<br>Rwf'000 | Total<br>Rwf'000 | Capital work-in<br>progress<br>Rwf'000 |
|---------------------------------|-------------------------------------|----------------------|---------------------------------|--------------------------------------|----------------------------------|------------------------------|------------------|--|
| <u>Cost</u>                     |                                     |                      |                                 |                                      |                                  |                              |                  |  |
| At 01 January 2022              | 366,554                             | 4,613,321            | 176,689,568                     | 1,688,064                            | 25,064,423                       | 905,390                      | 209,327,320      | 847,180                                |
| Additions                       | -                                   | -                    | 892,907                         | 379,241                              | 996,024                          | -                            | 2,268,172        | 6,310,921                              |
| Capitalized                     | -                                   | -                    | -                               | -                                    | -                                | -                            | -                | (2,268,170)                            |
| Disposal                        | (1,504)                             | -                    | (2,851,895)                     | (155,016)                            | (715,403)                        | -                            | (3,723,818)      | -                                      |
| At 31 December 2022             | 365,050                             | 4,613,321            | 174,730,580                     | 1,912,289                            | 25,345,044                       | 905,390                      | 207,871,674      | 4,889,931                              |
| <u>Accumulated Depreciation</u> |                                     |                      |                                 |                                      |                                  |                              |                  |  |
| At 01 January 2022              | 187,123                             | 2,074,593            | 135,880,147                     | 1,506,602                            | 23,253,264                       | 905,390                      | 163,807,119      | -                                      |
| Charge for the year             | 15,852                              | 266,498              | 8,312,332                       | 133,506                              | 1,257,105                        | -                            | 9,985,093        | -                                      |
| Adjustment                      | (3,343)                             | -                    | 9,177                           | -                                    | (5,834)                          | -                            | -                | -                                      |
| Disposal                        | (1,504)                             | -                    | (2,851,895)                     | (155,016)                            | (715,403)                        | -                            | (3,723,818)      | -                                      |
| At 31 December 2022             | 198,128                             | 2,341,091            | 141,349,761                     | 1,484,892                            | 23,789,132                       | 905,390                      | 170,068,394      | -                                      |
| <u>Net carrying amount</u>      |                                     |                      |                                 |                                      |                                  |                              |                  |  |
| At 31 December 2022             | 166,922                             | 2,272,230            | 33,380,819                      | 427,397                              | 1,555,912                        | -                            | 37,803,280       | 4,889,931                              |

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AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**16. Intangible assets**

|                                    | Licenses<br>including<br>spectrum<br>Rwf 000' | Customer base<br>Rwf 000' | Total<br>Rwf 000' |
|------------------------------------|---|---------------------------|-------------------|
| <i>Year ended 31 December 2023</i> |   |                           |                   |
| <u>Cost</u>                        |   |                           |                   |
| At 01 January 2023                 | 33,211,859                                    | 3,686,000                 | 36,897,859        |
| Additions                          | -   | -                         | -                 |
| Reclass                            | -   | -                         | -                 |
| <i>As at 31 December 2023</i>      | <u>33,211,859</u>                             | <u>3,686,000</u>          | <u>36,897,859</u> |
| <u>Accumulated Amortization</u>    |   |                           |                   |
| At 01 January 2023                 | 24,987,679                                    | 3,623,390                 | 28,611,069        |
| Charge for the year                | 904,816                                       | 62,610                    | 967,426           |
| Reclass                            | -   | -                         | -                 |
| <i>As at 31 December 2023</i>      | <u>25,892,495</u>                             | <u>3,686,000</u>          | <u>29,578,495</u> |
| <u>Net carrying amount</u>         |   |                           |                   |
| At 31 December 2023                | <u>7,319,364</u>                              | <u>-</u>                  | <u>7,319,364</u>  |
|                                    |   |                           |                   |
|                                    | Licenses<br>including<br>spectrum<br>Rwf 000' | Customer base<br>Rwf 000' | Total<br>Rwf 000' |
| <i>Year ended 31 December 2022</i> |   |                           |                   |
| <u>Cost</u>                        |   |                           |                   |
| At 01 January 2022                 | 33,211,859                                    | 3,686,000                 | 36,897,859        |
| Additions                          | -   | -                         | -                 |
| Reclass                            | -   | -                         | -                 |
| <i>As at 31 December 2022</i>      | <u>33,211,859</u>                             | <u>3,686,000</u>          | <u>36,897,859</u> |
| <u>Accumulated Amortization</u>    |   |                           |                   |
| At 01 January 2022                 | 24,082,865                                    | 2,886,190                 | 26,969,055        |
| Charge for the year                | 904,814                                       | 737,200                   | 1,642,014         |
| Reclass                            | -   | -                         | -                 |
| <i>As at 31 December 2022</i>      | <u>24,987,679</u>                             | <u>3,623,390</u>          | <u>28,611,069</u> |
| <u>Net carrying amount</u>         |   |                           |                   |
| At 31 December 2022                | <u>8,224,180</u>                              | <u>62,610</u>             | <u>8,286,790</u>  |

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AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

|                                    | Plant and<br>equipment<br>Rwf 000' | Others<br>Rwf 000' | Total<br>Rwf 000' |
|------------------------------------|------------------------------------|--------------------|-------------------|
| <b>17. Right of use assets</b>     |                                    |                    |                   |
| <i>Year ended 31 December 2023</i> |                                    |                    |                   |
| <u>Cost</u>                        |                                    |                    |                   |
| Balance at 1 January 2023          | 39,493,877                         | (5,051,463)        | 34,442,414        |
| Additions                          | 398,981                            | -                  | 398,981           |
| Reclass                            | (1,297,591)                        | 7,974,618          | 6,677,027         |
| Balance at 31 December 2023        | <u>38,595,267</u>                  | <u>2,923,155</u>   | <u>41,518,422</u> |
| <u>Accumulated Depreciation</u>    |                                    |                    |                   |
| Balance at 1 January 2023          | 14,269,975                         | 2,237,011          | 16,506,986        |
| Depreciation charge for the year   | 4,087,504                          | 66,103             | 4,153,607         |
| Reclass                            | 6,696,297                          | (19,270)           | 6,677,027         |
| Deletions*                         | (439,213)                          | -                  | (439,213)         |
| Balance at 31 December 2023        | <u>24,614,563</u>                  | <u>2,283,844</u>   | <u>26,898,407</u> |
| <u>Net carrying amount</u>         |                                    |                    |                   |
| At 31 December 2023                | <u>13,980,704</u>                  | <u>639,311</u>     | <u>14,620,015</u> |
| <i>Year ended 31 December 2022</i> |                                    |                    |                   |
| <u>Cost</u>                        |                                    |                    |                   |
| Balance at 1 January 2022          | 39,582,844                         | (5,051,463)        | 34,531,381        |
| Deletions                          | (88,967)                           | -                  | (88,967)          |
| Balance at 31 December 2022        | <u>39,493,877</u>                  | <u>(5,051,463)</u> | <u>34,442,414</u> |
| <u>Accumulated Depreciation</u>    |                                    |                    |                   |
| Balance at 1 January 2022          | 10,652,830                         | 1,633,468          | 12,286,298        |
| Depreciation charge for the year   | 3,617,145                          | 603,543            | 4,220,688         |
| Balance at 31 December 2022        | <u>14,269,975</u>                  | <u>2,237,011</u>   | <u>16,506,986</u> |
| <u>Net carrying amount</u>         |                                    |                    |                   |
| At 31 December 2022                | <u>25,223,902</u>                  | <u>(7,288,474)</u> | <u>17,935,428</u> |

\*Deletion represent liability reversed back due to site dismantled

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**18. Goodwill**

|          | 2023<br>Rwf'000   | 2022<br>Rwf'000   |
|----------|-------------------|-------------------|
| Goodwill | <u>10,242,636</u> | <u>10,242,636</u> |

**19. Other non-current assets**

|                        |                  |                  |
|------------------------|------------------|------------------|
| Payments under protest | 878,100          | 1,726,324        |
| Security deposits      | 1,300            | 1,300            |
| Prepaid expense        | <u>2,611,833</u> | <u>975,205</u>   |
|                        | <u>3,491,233</u> | <u>2,702,829</u> |

Payment under protest includes payment done to Rwanda Revenue authority against pending tax cases under assessment

**20. Inventories**

|   |                  |                  |
|---|------------------|------------------|
| Handsets and Accessories                        | 964,897          | 1,004,023        |
| Provisions for Handsets and Accessories         | <u>(691,945)</u> | <u>(728,736)</u> |
|   | <u>272,952</u>   | <u>275,287</u>   |
| <i>Below is the reconciliation of Provision</i> |                  |                  |
| As on 1 January                                 | 728,736          | 283,274          |
| Aged based Provision/(Recovery)                 | <u>(36,791)</u>  | <u>445,462</u>   |
|   | <u>691,945</u>   | <u>728,736</u>   |

The Company's scratch cards, and sim cards net realizable value is zero, hence the balances at each period are provided for in full while provision for devices is aged based and lower of net realizable value or cost.

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**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year ended December 31, 2023**

**21. Trade and other receivables**

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| Trade receivables       | 9,841,527         | 10,671,441        |
| Expected Credit Loss    | (6,958,188)       | (7,122,339)       |
|                         | <u>2,883,339</u>  | <u>3,549,102</u>  |
| Other receivables       | 1,978,860         | 1,973,369         |
| Vat refundable          | 1,439,814         | 1,373,851         |
| Prepayment and Deposits | <u>7,430,235</u>  | <u>6,652,183</u>  |
|                         | <u>13,732,248</u> | <u>13,548,505</u> |

Movement of Expected Credit Loss

|  |                    |                    |
|--|--------------------|--------------------|
| Opening Balance                                    | (7,122,339)        | (6,699,669)        |
| (Add)/Less: Additions                              | 16,611             | (201,385)          |
| (Add)/Less: Provision created against revenue      | 249,641            | (221,285)          |
| (Add)/Less: Provision created for foreign currency | (102,102)          | -                  |
| Closing Balance                                    | <u>(6,958,188)</u> | <u>(7,122,339)</u> |

**22. Related party transactions and balances**

The following provides the total amount of transaction that has been entered into with related parties and outstanding balances for the relevant reporting period. The purchases from related parties are made on agreed pricing between related parties. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There has been no guarantee provided for any related party payables. Other related party though not 'related parties' as per the definition of IAS 24 'Related party Disclosures', have been included by way of a voluntary disclosure, following the best corporate governance practices.

(i) Trade receivable due from related parties

|                                       | Relationship        | 2023<br>Rwf'000   | 2022<br>Rwf'000   |
|---------------------------------------|---------------------|-------------------|-------------------|
| Airtel Tchad S.A.                     | Fellow subsidiary   | 354               | 64                |
| Airtel Congo S.A.                     | Fellow subsidiary   | 67                | 133               |
| Airtel Congo (RDC) S.A.               | Fellow subsidiary   | 5,717,709         | 4,381,366         |
| Airtel Gabon S.A.                     | Fellow subsidiary   | 5,279             | 4,647             |
| Airtel Networks Kenya Limited         | Fellow subsidiary   | 708,084           | 571,019           |
| Airtel Madagascar S.A.                | Fellow subsidiary   | 86,329            | 73,219            |
| Airtel Malawi plc                     | Fellow subsidiary   | 237,220           | 196,139           |
| Celtel Niger S.A.                     | Fellow subsidiary   | 653,088           | 553,923           |
| Airtel Networks Limited               | Fellow subsidiary   | 238,646           | 151,651           |
| Airtel Tanzania plc                   | Fellow subsidiary   | 91,029            | 21,351            |
| Airtel Uganda Limited                 | Fellow subsidiary   | 1,058,997         | 882,757           |
| Airtel Networks Zambia plc            | Fellow subsidiary   | 94,570            | 77,597            |
| Airtel (Seychelles) Limited           | Fellow subsidiary   | 2                 | 23                |
| Airtel Mobile Commerce Rwanda Limited | Fellow subsidiary   | 5,310,549         | 3,987,021         |
| Bharti Airtel (UK) Limited            | Fellow subsidiary   | 2,207,818         | 1,354,302         |
| Bharti Airtel Limited                 | Intermediate parent | 130,754           | 106,596           |
| Airtel Africa Services (UK) Limited   | Fellow subsidiary   | 206,137           | 166,237           |
| Bharti Hexacom Limited                | Fellow subsidiary   | <u>165</u>        | <u>-</u>          |
|                                       |                     | <u>16,746,797</u> | <u>12,528,045</u> |

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**22. Related party transactions and balances (Continued)**

(ii) Trade payable due to related parties

| Due to related Party                           |                     | 2023<br>Rwf'000   | 2022<br>Rwf'000   |
|--|---------------------|-------------------|-------------------|
| Airtel Tchad S.A.                              | Fellow subsidiary   | 168               | 121               |
| Airtel Congo S.A.                              | Fellow subsidiary   | 592               | 488               |
| Airtel Congo (RDC) S.A.                        | Fellow subsidiary   | 6,480,927         | 4,770,697         |
| Airtel Gabon S.A.                              | Fellow subsidiary   | 35,177            | 30,156            |
| Airtel Networks Kenya Limited                  | Fellow subsidiary   | 2,405,608         | 2,039,966         |
| Airtel Madagascar S.A.                         | Fellow subsidiary   | 15,320            | 12,992            |
| Airtel Malawi plc                              | Fellow subsidiary   | 34,637            | 29,382            |
| Celtel Niger S.A.                              | Fellow subsidiary   | 30,920            | 26,243            |
| Airtel Networks Limited                        | Fellow subsidiary   | 278,399           | 236,298           |
| Airtel Tanzania Plc                            | Fellow subsidiary   | 44,678            | 28,063            |
| Airtel Uganda Limited                          | Fellow subsidiary   | 9,535,543         | 7,894,021         |
| Airtel Networks Zambia plc                     | Fellow subsidiary   | 42,410            | 35,921            |
| Airtel (Seychelles) Limited                    | Fellow subsidiary   | 11,367            | 9,617             |
| Bharti Airtel Limited                          | Intermediate parent | 6,331             | 53,996            |
| Network I2I Limited                            | Intermediate parent | 6,712             | 182,911           |
| Nxtra data Limited                             | Fellow subsidiary   | (1,056)           | 73,135            |
| Bharti Airtel Rwanda holdings Limited          | Parent              | 282,682           | 239,759           |
| Bharti Airtel International (Netherlands) B.V. | Intermediate parent | 157,897           | 130,336           |
| Bharti Airtel (UK) Limited                     | Fellow Subsidiary   | 111,170           | 391,567           |
| Airtel Africa Services (UK) Limited            | Fellow Subsidiary   | 4,054             | 3,346             |
| Bharti Hexacom Limited                         | Fellow subsidiary   | 11                | -                 |
| Bharti Airtel Lanka (Private) Limited          | Fellow subsidiary   | 2                 | -                 |
|  |                     | <u>19,483,549</u> | <u>16,189,017</u> |

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AIRTEL RWANDA LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the Year ended December 31, 2023

**22. Related party transactions and balances (Continued)**

(iii) Key management compensation

Key management personnel are described as the persons having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including Executive Directors of the company. For the company these includes executive committee members.

Details of Key management personnel

- (a) Emmanuel Hamez
- (b) Juliet Gakwerere
- (c) Pacifique Kabanda
- (d) Paulian Kazibwe (Since April, 2023)
- (e) Innocent Nsabuhumire
- (f) Pierre Kayitana
- (g) Chuma Vuningoma
- (h) Shema Baker
- (i) Indrajeet Singh
- (j) Adrien Nganizi

| Remuneration to Key management personnel are as below: | 2023<br>Rwf'000  | 2022<br>Rwf'000  |
|--|------------------|------------------|
| (a) Salaries and other employment benefits             | <u>1,625,449</u> | <u>1,706,464</u> |
| (b) Directors fees and sitting allowance               | <u>43,859</u>    | <u>43,859</u>    |

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AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**22. Related party transactions and balances (Continued)**

(iv) Purchase of Goods and services

|                                       | Goods/Service                       | Relationship        | 2023<br>Rwf'000  | 2022<br>Rwf'000  |
|---------------------------------------|-------------------------------------|---------------------|------------------|------------------|
| Airtel Tchad S.A.                     | Interconnect and Roaming Cost       | Fellow subsidiary   | 30               | 2                |
| Airtel Congo S.A.                     | Interconnect and Roaming Cost       | Fellow subsidiary   | 157              | 113              |
| Airtel Congo (RDC) S.A.               | Interconnect and Roaming Cost       | Fellow subsidiary   | 832,149          | 380,064          |
| Airtel Gabon S.A.                     | Interconnect and Roaming Cost       | Fellow subsidiary   | 1,253            | 1,420            |
| Airtel Networks Kenya Limited         | Interconnect and Roaming Cost       | Fellow subsidiary   | 14,327           | 12,960           |
| Airtel Madagascar S.A.                | Interconnect and Roaming Cost       | Fellow subsidiary   | 28               | 75               |
| Airtel Malawi plc                     | Interconnect and Roaming Cost       | Fellow subsidiary   | 142              | 129              |
| Airtel Niger S.A.                     | Interconnect and Roaming Cost       | Fellow subsidiary   | 9                | 25               |
| Airtel Networks Nigeria Limited       | Interconnect and Roaming Cost       | Fellow subsidiary   | 5,255            | 2,863            |
| Airtel Tanzania Plc                   | Interconnect, Roaming and Leaseline | Fellow subsidiary   | 24,755           | 10,697           |
| Airtel Uganda Limited                 | Interconnect and Roaming Cost       | Fellow subsidiary   | 312,448          | 231,978          |
| Airtel Uganda Limited                 | Interconnect and Roaming Cost       | Fellow subsidiary   | 623,237          | 761,631          |
| Airtel Networks Zambia Plc            | Leaseline                           | Fellow subsidiary   | 3,031            | 1,988            |
| Bharti Airtel Limited                 | Interconnect and Roaming Cost       | Intermediate parent | 2,615            | 487              |
| Bharti Airtel (UK) Limited            | Interconnect and Roaming Cost       | Fellow Subsidiary   | 302,424          | 261,248          |
| Nxtra Data Limited                    | Interconnect, Roaming and others    | Fellow subsidiary   | (64,604)         | 57,626           |
| Airtel Mobile Commerce Rwanda Limited | Data Centre                         | Fellow subsidiary   | 5,543,474        | 2,767,594        |
| Airtel (Seychelles) Limited           | Cross charge of expenses            | Fellow subsidiary   | 31               | -                |
|                                       | Interconnect, Roaming and Leaseline | Fellow subsidiary   |                  |                  |
|                                       |                                     |                     | <u>7,600,761</u> | <u>4,490,900</u> |

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**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

**22. Related party transactions and balances (Continued)**

| (v) <u>Sale of Goods and services</u> | Service                             | Relationship        | 2023<br>Rwf'000 | 2022<br>Rwf'000 |
|---------------------------------------|-------------------------------------|---------------------|-----------------|-----------------|
| Airtel Tchad S.A.                     | Interconnect and Roaming            | Fellow subsidiary   | 950             | 185             |
| Airtel Congo S.A.                     | Interconnect and Roaming            | Fellow subsidiary   | 727             | 1,595           |
| Airtel Congo (RDC) S.A.               | Interconnect, Roaming and Leaseline | Fellow subsidiary   | 1,458,277       | 1,645,645       |
| Airtel Gabon S.A.                     | Interconnect and Roaming            | Fellow subsidiary   | 1,192           | 7,144           |
| Airtel Networks Kenya Limited         | Interconnect and Roaming            | Fellow subsidiary   | 83,364          | 68,968          |
| Airtel Madagascar S.A.                | Interconnect and Roaming            | Fellow subsidiary   | 8               | 78              |
| Airtel Malawi plc                     | Interconnect and Roaming            | Fellow subsidiary   | 8,065           | 17,830          |
| Airtel Niger S.A.                     | Interconnect and Roaming            | Fellow subsidiary   | 161             | 147             |
| Airtel Networks Nigeria Limited       | Interconnect, Roaming and Leaseline | Fellow subsidiary   | 81,025          | 75,426          |
| Airtel (Seychelles) Limited           | Interconnect and Roaming            | Fellow subsidiary   | 558             | 11              |
| Airtel Tanzania Plc                   | Interconnect and Roaming            | Fellow subsidiary   | 73,913          | 4,295           |
| Airtel Uganda Limited                 | Interconnect and Roaming            | Fellow subsidiary   | 356,550         | 328,048         |
| Airtel Networks Zambia Plc            | Interconnect and Roaming            | Fellow subsidiary   | 6,552           | 7,157           |
| Bharti Airtel Limited                 | Interconnect, Roaming and Leaseline | Intermediate parent | 5,108           | 21,190          |
| Bharti Airtel (UK) Limited            | Interconnect and Roaming            | Fellow subsidiary   | 1,911,813       | 1,282,898       |
| Airtel Mobile Commerce Rwanda Limited | Cross charge of expenses            | Fellow subsidiary   | 260,195         | 100,074         |
| Airtel Mobile Commerce Rwanda Limited | Interest on loan                    | Fellow subsidiary   | 300,737         | 300,737         |
|                                       |                                     |                     | 4,549,195       | 3,861,428       |

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**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

|  | 2023<br>Rwf'000    | 2022<br>Rwf'000    |
|--|--------------------|--------------------|
| <b>23. Loan</b>                                      |                    |                    |
| HSBC Bank Loan (i)                                   | 75,595,200         | 64,116,600         |
| Bank of Kigali Loan (ii)                             | 5,157,996          | 6,000,000          |
| Eco Bank Loan (iii)                                  | 1,410,000          | 3,290,000          |
| BPR Bank Loan (vi)                                   | 6,000,000          | -                  |
| Loan from Bharti Airtel Rwanda Holdings Limited (iv) | 337,461,485        | 269,962,898        |
| Loan from Bharti Airtel Africa B.V. (v)              | 72,445,400         | 61,445,075         |
|  | <u>498,070,081</u> | <u>404,814,573</u> |
| <b>Maturity Analysis</b>                             |                    |                    |
| Current  | 2,418,298          | 2,722,004          |
| Non-Current  | <u>495,651,783</u> | <u>402,092,569</u> |
|  | <u>498,070,081</u> | <u>404,814,573</u> |
| <b>Movement</b>                                      |                    |                    |
| Opening  | 404,814,573        | 375,774,435        |
| Proceeds   | 23,652,192         | 22,793,880         |
| Repayment  | (2,722,004)        | (5,391,018)        |
| Fair Value on Loan Amortization                      | -                  | 224,568            |
| Exchange Losses                                      | <u>72,325,320</u>  | <u>11,412,708</u>  |
|  | <u>498,070,081</u> | <u>404,814,573</u> |

(i) HSBC Bank - In August 2019 and September 2021, the company entered into credit facility with The Hong Kong & Shanghai Banking Corporation Limited, Singapore Branch (as the lender). Amounting to USD 50 million and USD 10 million respective. The credit facility was refinanced for USD 60 million in April 2023 attracting an interest rate of aggregate of compounded reference rate and margin of 2.75% and is repayable in full upon maturity in June 2025. Both the loans are secured by Bharti Airtel International (Netherlands) B.V.

(ii) Bank of Kigali - In March 2019, the company entered into long term credit facility with Bank of Kigali (as the lender). The credit facility amounted to Rwf 6 billion attracting fixed interest rate of 15% and was refinanced with maturity in December 2027. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

(iii) Eco Bank - In September 2020, the company entered into long term credit facility with Eco Bank (as the lender). The credit facility amounted to Rwf 5.6 billion attracting fixed interest rate of 15% and is repayable monthly until maturity in September 2024. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

(iv) Loan from Bharti Airtel Rwanda Holdings limited - The loan is unsecured and does not bear any interest and is repayable in December 2026. During the year, the Company obtained an additional loan of US\$ 15.2 million (Rwf 17.65 billion).

(v) Loan from Bharti Airtel Africa B.V. - The loan is unsecured and does not bear any interest and is repayable in January 2027.

(vi) BPR Bank - In May 2023, the company entered into long term credit facility with Bank Populaire (as the lender). The credit facility amounted to Rwf 6 billion attracting fixed interest rate of 15.5% and is repayable monthly until maturity in May 2030 with moratorium of 2 years. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherlands) B.V.

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**24. Share Capital**

|  | 2023<br>Rwf'000  | 2022<br>Rwf'000  |
|--|------------------|------------------|
| Issued and Paid-up share capital<br>(1,000 shares issued at par value of Rwf 100,000 each) | <u>100,000</u>   | <u>100,000</u>   |
| Authorized share capital<br>(60,000 shares at par value of Rwf 100,000 each)               | <u>6,000,000</u> | <u>6,000,000</u> |

The parent Company is Bharti Airtel Rwanda Holdings Limited, which owns 100% shareholding of the issued share capital of the Company. During the year there has been no change in the shareholding structure.

**25. Cash and bank balances**

Cash and cash equivalents

|   |                   |                  |
|---|-------------------|------------------|
| Balances with banks                                   | 21,418,640        | -                |
| -Bank deposits with maturity of three months or less* | 4,743,520         | 2,760,275        |
| -On current accounts*                                 | 596,287           | 546,473          |
| Balances held in wallets                              | <u>26,758,447</u> | <u>3,306,748</u> |

Other bank balances

|   |            |   |
|---|------------|---|
| Term Deposits with banks with maturity of more than three months but less than 12 months* | 31,498,000 | - |
|---|------------|---|

\*During the year ended 31 December 2023, company received a grant of Rwf 61 Bn which is to be utilized for specific purpose as per the agreement with the grantor. An amount of Rwf 31.5 Bn has been invested in Term deposits with bank with maturity of more than three months but less than 12 months is presented as Other Bank Balances as at 31 December 2023 (31 December 2022: Nil). Rwf 21.4 Bn is invested in Short Term deposits with Banks with maturity of less than 3 months and Rwf 3.9 Bn balance held in current account is presented under cash & cash equivalent as at 31 December 2023 (31 December 2022: Nil).

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at 31 December.

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Cash and cash equivalents | 26,758,447         | 3,306,748          |
| Bank overdraft            | <u>(4,269,825)</u> | <u>(3,175,404)</u> |
|                           | <u>22,488,622</u>  | <u>131,344</u>     |

**26. Trade and Other Payables**

|                  |                   |                   |
|------------------|-------------------|-------------------|
| Trade payables   | 28,411,792        | 14,342,033        |
| Accrued expenses | 4,543,099         | 5,528,063         |
| Other payables   | <u>7,031,297</u>  | <u>5,451,582</u>  |
|                  | <u>39,986,188</u> | <u>25,321,678</u> |

**27. Deferred Revenue**

**Current**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Deferred Revenue-Current | <u>3,413,460</u> | <u>2,440,636</u> |
|                          | <u>3,413,460</u> | <u>2,440,636</u> |

**Non-Current**

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Deferred Revenue-Non-Current | <u>6,770,224</u> | <u>8,044,623</u> |
|                              | <u>6,770,224</u> | <u>8,044,623</u> |

**28. Bank Overdraft**

|                |                  |                  |
|----------------|------------------|------------------|
| Bank overdraft | <u>4,269,825</u> | <u>3,175,404</u> |
|                | <u>4,269,825</u> | <u>3,175,404</u> |

**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

**29. Taxation**

During the year, Income tax rate has been revised to 28% from 30% w.e.f. 14 September 2023 in pursuant to Article 2, law no:051/2023 dated 05/09/2023. Further, the Commissioner General on January 4, 2024, issued a public ruling on article 2 of the Income tax law no 051/2023 stating that the new Income tax rate is to be applied prospectively and companies are required to prepare annual income tax return and apply the prorata computation method basing on the date of publication 14th September 2023.

Accordingly, income tax is calculated using the enacted income tax rate of 29.40% [2022: 30%]. The Company has not recognised the deferred tax assets arising from tax losses for year ended 31 December 2023 of Rwf 27,435,483,055 (2022: Rwf 23,400,771,241) as it is currently in a loss position and may recognise them in future if sufficient taxable profits are available. Deferred tax asset arising from the losses may be deducted from the taxable profit in the next five (5) tax periods, earlier losses being deducted before later losses.

|   | for the year<br>ending<br>Dec 2023<br>Rwf'000 | for the year<br>ending<br>Dec 2022<br>Rwf'000 |
|---|---|---|
| (i) Current year income tax   | -   | -   |
| (ii) <u>Reconciliation of income tax</u>  |   |   |
| Loss before tax   | (105,981,565)                                 | (40,245,604)                                  |
| Rwanda's statutory income tax rate of 29.4%<br>[2022:30%]   | (31,158,580)                                  | (12,073,681)                                  |
| Tax effect of expenses non-deductible   | 99,016  | 1,149,473                                     |
| Deferred tax asset not recognized   | 31,059,564                                    | 10,924,208                                    |
|   | -   | -   |
|   | As at 31<br>Dec 2023<br>Rwf'000               | As at 31<br>Dec 2022<br>Rwf'000               |
| (iii) <u>Deferred tax asset not recognized on</u>   |   |   |
| Accelerated depreciation on property and equipment  | (7,011,514)                                   | (9,351,556)                                   |
| Provisions  | 93,657,926                                    | 20,756,342                                    |
| Tax losses  | 145,989,055                                   | 118,553,572                                   |
|   | 232,635,467                                   | 129,958,358                                   |
| (iv) <u>Unused tax losses and deductible temporary difference on<br/>which deferred tax asset is not recognized</u> |   |   |
| Expiring within 5 years   | 145,989,055                                   | 118,553,572                                   |
| Expiring beyond 5 Years   | -   | -   |
| Unlimited   | 86,646,412                                    | 11,404,786                                    |
|   | 232,635,467                                   | 129,958,358                                   |

**30. Other non-financial liabilities**

Grant received to subsidize the cost of 4G handset to increase digital penetration in Rwanda (as part of Connect Rwanda 2.0) is included in current liabilities as deferred grant income and is used to reduce the cost of purchase of inventories at the time of purchase. The unutilised balance is carried under current liabilities. Below is the movement of the grant:

|   |              |   |
|---|--------------|---|
| Opening balance                             | -            | - |
| Add: Grant Received during the year         | 61,148,963   | - |
| Less: grant utilized on purchase of handset | (10,948,216) | - |
| Closing balance                             | 50,200,747   | - |

The grant received during the year was US\$ 50 million at rate of 1,222.98. Out of the grant received US\$ 42 million (equivalent Rwf'000 52,916,640) was placed with Citi Bank as term deposit.

**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

**31. Contingencies and Capital Commitments**

*(a) Legal and tax claims*

There are certain lawsuits and claims pending against the Company in various courts of law, which are being handled by the external legal counsel. The contingent liabilities in respect of pending litigation against legal and tax cases were Rwf'000 7,425 and Rwf'000 885,510 respectively as of 31 December 2023 (2022: Nil and Rwf'000 1,224,151). In the opinion of the directors and based on independent legal advice, the Company's liabilities are not likely to be material thus no provision has been made in these financial statements.

*(b) Letters of credit and guarantees*

In the ordinary course of business, the Company conducts business involving guarantees and letters of credit. The majority of these facilities are offset by corresponding obligations of third parties. As at 31 December 2023, the company had issued performance Guarantees amounting to Rwf'000 40,255 (2022: Rwf'000 46,210) issued to corporate customers' contracts on airtime. The company has no letters of credit issued.

*(c) Lease liabilities*

The Company has taken towers on lease. Liabilities arising from a lease are initially measured on a present value basis of contractual payments associated with lease contract. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Future minimum lease payments under finance leases are as follows:

| Maturity Analysis                             | 2023<br>Rwf '000'   | 2022<br>Rwf '000'   |
|---|---------------------|---------------------|
| Not later than 1 year                         | 11,301,416          | 10,526,104          |
| Between 1 and 5 years                         | 23,336,816          | 27,529,372          |
| More than 5 years                             | <u>6,027,215</u>    | <u>7,935,831</u>    |
| Total minimum lease payments                  | 40,665,447          | 45,991,307          |
| Less: Discount (Unearned Interest)            | <u>(10,323,816)</u> | <u>(12,720,338)</u> |
| Present Value of Lease Liability              | <u>30,341,631</u>   | <u>33,270,969</u>   |
| <i>Presented as follows:</i>                  |                     |                     |
| Non-current                                   | 22,564,174          | 26,674,516          |
| Current                                       | <u>7,777,457</u>    | <u>6,596,453</u>    |
|   | <u>30,341,631</u>   | <u>33,270,969</u>   |
| <br>Lease liabilities movement:               |                     |                     |
| Opening balance                               | 33,270,969          | 37,645,567          |
| Liability created during the year/(Deletions) | 398,981             | (88,967)            |
| Interest on lease liability                   | 4,734,724           | 5,531,260           |
| Unrealized forex                              | 2,790,149           | 499,428             |
| Liability derecognized on sale of towers      | -                   | -                   |
| Payments                                      | <u>(10,853,192)</u> | <u>(10,316,319)</u> |
| Closing balance                               | <u>30,341,631</u>   | <u>33,270,969</u>   |

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year ended December 31, 2023**

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*(d) Capital Commitments*

The capital commitments for the year are as follows:

|                     | 2023<br>Rwf '000' | 2022<br>Rwf '000' |
|---------------------|-------------------|-------------------|
| Capital commitments | <u>28,375,107</u> | <u>3,420,286</u>  |
|                     | <u>28,375,107</u> | <u>3,420,286</u>  |

Capital commitments are authorised and contracted for.

**32. Retirement benefit Obligations**

The Company contributes to a statutory defined contribution pension scheme, to the Rwanda Social Security Board. The contributions are charged to profit or loss in the year in which they relate.

|   |                |                |
|---|----------------|----------------|
| Contributions to Rwanda Social Security Board | <u>187,076</u> | <u>178,105</u> |
|---|----------------|----------------|

**33. Financial risk management**

The company is exposed to various risks, including credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company's risk management strategy is based on a clear understanding of various risks, disciplined risks assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with industry best practices.

The Company's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company's senior management at Group level oversees the management of these risks. The Board of directors' reviews policies for managing each of these risks which are summarised below:

*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 various types of risks: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits. The salient exposures to market risks are discussed below.

*Interest rate risk*

Interest rate risk is the risk that the fair value of 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 HSBC bank loan. The Company manages its interest rate risks by negotiating and entering into short-term fixed interest rates agreements.

|                            | Rwf '000<br>2023 | Rwf '000<br>2022 |
|----------------------------|------------------|------------------|
| HSBC Bank Loan             | 75,595,200       | 64,116,600       |
| Sensitivity analysis:      |                  |                  |
| Effect on profit (-/+ ) 2% | 1,511,904        | 1,282,332        |

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**33. Financial risk management (continued)**

*Interest rate risk (continued)*

The sensitivity above is the effect of the assumed change in interest rates on interest bearing assets and liabilities to profit or loss and equity. The above sensitivity analysis is unrepresentative of the interest rate risk exposure for the Company as interest bearing liabilities are fixed within the next one 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 purchases are denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity, to a reasonable possible change in the USD with all other variables held constant, of the Company's profit before tax and equity due to changes in fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

|  | 2023<br>Rwf '000                           | 2022<br>Rwf '000                |
|--|--|---------------------------------|
| <i><u>Foreign Currency denominated Assets</u></i>      |  |                                 |
| Cash and cash equivalents                              | 4,315,604                                  | 2,038,689                       |
| Trade and other receivables                            | 2,143,171                                  | 1,983,816                       |
| Due from related parties                               | 16,746,796                                 | 12,528,045                      |
| Total Assets   | <u>23,205,571</u>                          | <u>16,550,550</u>               |
| <i><u>Foreign Currency denominated Liabilities</u></i> |  |                                 |
| Trade and other payables                               | 5,593,264                                  | 2,630,418                       |
| Borrowings   | 485,502,085                                | 395,524,573                     |
| Due to related parties                                 | 19,483,549                                 | 16,189,017                      |
| Lease Liability  | 19,748,014                                 | 19,474,217                      |
| Total Liabilities                                      | <u>530,326,912</u>                         | <u>433,818,225</u>              |
| Net financial position                                 | (507,121,341)                              | (417,267,675)                   |
| Sensitivity Analysis                                   | Effect on profit before<br>tax<br>Rwf '000 | Effect on<br>equity<br>Rwf '000 |
| 31st Dec 2023  |  |                                 |
| Changes in USD +- 6%                                   | 30,427,280                                 | 30,427,280                      |
| 31st Dec 2022  |  |                                 |
| Changes in USD +- 6%                                   | 25,036,060                                 | 25,036,060                      |

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**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

**33. Financial risk management (Continued)**

*Liquidity Risk*

The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts and group borrowings.

| At 31 December 2023:                                     | 0-6<br>Months<br>Rwf'000 | 6-12<br>Months<br>Rwf'000 | Above 12<br>Months<br>Rwf'000 | Total                |
|--|--------------------------|---------------------------|-------------------------------|----------------------|
| <b>Assets</b>  |                          |                           |                               |                      |
| Cash and bank balances                                   | 26,758,447               | -                         | -                             | 26,758,447           |
| Due from related parties                                 | 16,746,797               | -                         | -                             | 16,746,797           |
| Trade and other receivables                              | 13,732,248               | -                         | -                             | 13,732,248           |
|  | <u>57,237,492</u>        | <u>-</u>                  | <u>-</u>                      | <u>57,237,492</u>    |
| <b>Liabilities</b>                                       |                          |                           |                               |                      |
| Finance lease  | 5,653,010                | 5,648,405                 | 29,364,032                    | 40,665,447           |
| Loan   | 1,426,760                | 991,538                   | 495,651,783                   | 498,070,081          |
| Bank overdraft   | 4,269,825                | -                         | -                             | 4,269,825            |
| Due to related parties                                   | 19,483,549               | -                         | -                             | 19,483,549           |
| Trade and other payables                                 | 39,986,188               | -                         | -                             | 39,986,188           |
| Total financial liabilities (contractual maturity dates) | <u>70,819,332</u>        | <u>6,639,943</u>          | <u>525,015,815</u>            | <u>602,475,090</u>   |
| Liquidity gap  | <u>17,916,160</u>        | <u>(6,639,943)</u>        | <u>(525,015,815)</u>          | <u>(513,739,598)</u> |
| <b>At 31 December 2022:</b>                              |                          |                           |                               |                      |
| <b>Assets</b>  |                          |                           |                               |                      |
| Cash and bank balances                                   | 3,306,748                | -                         | -                             | 3,306,748            |
| Due from related parties                                 | 12,528,045               | -                         | -                             | 12,528,045           |
| Trade and other receivables                              | 13,548,505               | -                         | -                             | 13,548,505           |
|  | <u>29,383,298</u>        | <u>-</u>                  | <u>-</u>                      | <u>29,383,298</u>    |
| <b>Liabilities</b>                                       |                          |                           |                               |                      |
| Finance lease  | 5,271,415                | 5,254,689                 | 35,465,203                    | 45,991,307           |
| Borrowings   | 1,336,693                | 1,385,311                 | 402,092,569                   | 404,814,573          |
| Bank overdraft   | 3,175,404                | -                         | -                             | 3,175,404            |
| Due to related parties                                   | 16,189,017               | -                         | -                             | 16,189,017           |
| Trade and other payables                                 | 25,321,678               | -                         | -                             | 25,321,678           |
| Total financial liabilities(contractual maturity dates)  | <u>51,294,207</u>        | <u>6,640,000</u>          | <u>437,557,772</u>            | <u>495,561,511</u>   |
| Liquidity gap  | <u>(21,910,909)</u>      | <u>(6,640,000)</u>        | <u>(437,557,772)</u>          | <u>(466,108,681)</u> |

**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

**33. Financial risk management (Continued)**

*Credit risk*

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has managed its exposure to credit risk by ensuring that all distributors have a bank guarantees to cover amount of credit given to them. Apart from bank guarantee, no other collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits. No receivables have had their terms renegotiated.

All past due trade receivables have been reviewed by management and appropriate impairment losses recognized in the financial statements. The Company has policies in place to ensure that contracts are entered into with customers with appropriate credit history and that its financial interests are contractually safeguarded at the time of engagement.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury policies. Investments of surplus funds are made only with approved financial institutions, whose credit assessment is assessed on a regular basis.

The amount that best represents Company's maximum exposure to credit risk without taking account of the value of collateral obtained is made up as follows:

| At 31 December 2023:     | 12 Month or Internal Credit<br>lifetime ECL rating | Gross<br>Carrying<br>Amount<br>Rwf'000 | Less:<br>Allowances<br>Rwf'000 | Net Carrying<br>Amount<br>Rwf'000 |
|--------------------------|--|--|--------------------------------|-----------------------------------|
| Trade Receivable         | Lifetime ECL Performing                            | 20,690,436                             | (6,958,188)                    | 13,732,248                        |
| Due from related parties | Lifetime ECL Performing                            | 16,746,797                             | -                              | 16,746,797                        |
| <b>Total</b>             |  | <b>37,437,233</b>                      | <b>(6,958,188)</b>             | <b>30,479,045</b>                 |

| At 31 December 2022:     | 12 Month or Internal Credit<br>lifetime ECL rating | Gross<br>Carrying<br>Amount<br>Rwf'000 | Less:<br>Allowances<br>Rwf'000 | Net Carrying<br>Amount<br>Rwf'000 |
|--------------------------|--|--|--------------------------------|-----------------------------------|
| Trade Receivable         | Lifetime ECL Performing                            | 20,670,844                             | (7,122,339)                    | 13,548,505                        |
| Due from related parties | Lifetime ECL Performing                            | 12,528,045                             | -                              | 12,528,045                        |
| <b>Total</b>             |  | <b>33,198,889</b>                      | <b>(7,122,339)</b>             | <b>26,076,550</b>                 |

The Company considers a financial asset in default when contractual payments for trade receivables are 90 days past due and for Interconnect receivables are 270 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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**AIRTEL RWANDA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year ended December 31, 2023

**34. Capital Management**

The Company receives shareholder's loan from the parent Company as the main source of financing. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2023. The gearing ratios at 31 December 2023 and 31 December 2022 were as follows:

|                                 | 2023<br>Rwf'000    | 2022<br>Rwf'000    |
|---------------------------------|--------------------|--------------------|
| Shareholders loan               | 409,906,885        | 331,407,973        |
| External Loan                   | 88,163,196         | 73,406,600         |
| Bank overdraft                  | 4,269,825          | 3,175,404          |
| Lease liabilities               | 30,341,630         | 33,270,969         |
| Less: Cash and cash equivalents | (26,758,447)       | (3,306,748)        |
| Net Debt (A)                    | <u>505,923,089</u> | <u>437,954,198</u> |
| Equity (B)                      | (487,724,178)      | (381,737,421)      |
| Capital and net debt (C= A + B) | 18,198,911         | 56,216,777         |
| Gearing ratio (A/C)             | 2780%              | 779%               |

**35. Fair value of financial assets and liabilities**

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the group's financial instruments are as follows.

**As of 31 December 2023:**

|  | Carrying Value<br>Rwf'000 | Fair Value<br>Rwf'000 |
|--|---------------------------|-----------------------|
| <i><u>Financial assets (Amortized cost)</u></i>      |                           |                       |
| Trade and other receivables                          | 13,732,248                | 13,732,248            |
| Due from related parties                             | 16,746,797                | 16,746,797            |
| Cash and cash equivalents                            | 26,758,447                | 26,758,447            |
| Total  | <u>57,237,492</u>         | <u>57,237,492</u>     |
| <i><u>Financial liabilities (Amortized cost)</u></i> |                           |                       |
| Lease liability                                      | 30,341,631                | 30,341,631            |
| Loan   | 498,070,081               | 498,070,081           |
| Bank overdraft                                       | 4,269,825                 | 4,269,825             |
| Due to related parties                               | 19,483,549                | 19,479,672            |
| Trade and other payables                             | 39,986,188                | 39,987,693            |
| Total  | <u>592,151,274</u>        | <u>592,148,902</u>    |

**As of 31 December 2022:**

|  |                    |                    |
|--|--------------------|--------------------|
| <i><u>Financial assets (Amortized cost)</u></i>      |                    |                    |
| Trade and other receivables                          | 13,548,505         | 13,548,505         |
| Due from related parties                             | 12,528,045         | 12,528,045         |
| Cash and cash equivalents                            | 3,306,748          | 3,306,748          |
| Total  | <u>29,383,298</u>  | <u>29,383,298</u>  |
| <i><u>Financial liabilities (Amortized cost)</u></i> |                    |                    |
| Lease liability                                      | 33,270,969         | 33,270,969         |
| Loan   | 404,814,573        | 404,814,573        |
| Bank overdraft                                       | 3,175,404          | 3,175,404          |
| Due to related parties                               | 16,189,017         | 16,189,017         |
| Trade and other payables                             | 25,321,678         | 25,321,678         |
| Total  | <u>482,771,641</u> | <u>482,771,641</u> |

AIRTEL RWANDA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year ended December 31, 2023

**35. Fair value of financial assets and liabilities (continued)**

The following methods/assumptions were used to estimate the fair values;

- i. The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.
- ii. Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- iii. The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

During the year ended 31 December 2023 and year ended 31 December 2022 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 fair value measurements.

**36. Comparatives**

Where necessary, comparative figures have been re-classified or/and adjusted or excluded to conform to changes in presentation in the current year.

**37. Events after Reporting Period**

The Company has evaluated all events that occur after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The management of the company determined that below were non-adjusting event and thus are not required to be adjusted as at reporting date.

**38. Going concern assessment**

The Directors are aware that during the year ended 31 December 2023, the Company incurred a net loss of Rwf'000 105,981,565 (2022: Rwf'000 40,245,604). As at that date, accumulated losses were Rwf'000 487,824,179 (2022: Rwf'000 381,837,421), it may be noted that company has Shareholder's loan of Rwf'000 409,906,885 (2022: Rwf'000 331,407,973). After considering shareholder's loan and external source of financing, there is sufficient liquidity to manage the operations.

The Directors are of the of the opinion that the company will operate on going concern basis on the assumption that the Company:

- i. Will generate cash inflows from operations;
- ii. Will obtain funding from the third parties; and
- iii. The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due.

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