

**AIRTEL MOBILE COMMERCE UGANDA
LIMITED**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31ST DECEMBER 2024**

AIRTEL MOBILE COMMERCE UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024

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AIRTEL MOBILE COMMERCE UGANDA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024**

COMPANY INFORMATION

REGISTERED OFFICE AND PRINCIPAL

PLACE OF BUSINESS

Airtel Mobile Commerce Uganda Limited
Plot 16A Clement Hill Road
P O Box 6771
Kampala, Uganda

COMPANY SECRETARY

Claire Nagimesi
Plot 16A Clement Hill Road
P O Box 6771
Kampala, Uganda

COMPANY SOLICITORS

Nangwala, Rezida & Company Advocates
Suite 3B
3rd Floor, Plot 9 Yusuf Lule Road
P O Box 10304
Kampala, Uganda

Lex Uganda Advocates & Solicitors,
1 Colville Street
P O Box 22490
Kampala, Uganda

K & K Advocates
Plot 67 Lugogo By-Pass,
P O Box 6061
Kampala, Uganda

Verma Jivram & Associates
3rd Floor, FIL Courts
88 Luthuli Avenue, Bugolobi
P O Box 7595
Kampala, Uganda

Katende, Ssempebwa & Co Advocates,
Radiant House
Plot 20, Kampala Road
P O Box 2344,
Kampala, Uganda

AIRTEL MOBILE COMMERCE UGANDA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024**

COMPANY INFORMATION (CONTINUED)

BANKERS

Citibank Uganda Limited
4, Centre Court
Ternan Avenue
P. O. Box 7505
Kampala, Uganda

Stanbic Bank (U) Ltd
10th Floor, Short Tower
17 Hannington Road
Crested Towers
Kampala, Uganda

Equity Bank Uganda Limited
Plot 34, Church House, Kampala Road
P O Box 10184
Kampala, Uganda

Standard Chartered Bank Uganda Limited
5 Speke Road
P O Box 7111
Kampala, Uganda

Ecobank Uganda Limited
Plot 4, Parliament Avenue
P O Box 7368
Kampala, Uganda

AUDITORS

Deloitte & Touche
Certified Public Accountant of Uganda
3rd Floor, Rwenzori House
1 Lumumba Avenue
P O Box 10314
Kampala, Uganda

AIRTEL MOBILE COMMERCE UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2024

DIRECTORS' REPORT

The Directors submit their report and audited financial statements of Airtel Mobile Commerce Uganda limited ("the Company") for the year ended 31 December 2024, which show the state of affairs of the Company.

THE REGULATOR

Airtel Mobile Commerce Uganda Limited (the Company) is licensed and regulated by the Central Bank of Uganda under the National Payment Systems Act, 2020 and its Regulations. The Central Bank carries out offsite supervision and monitors compliance through daily, weekly and quarterly reports submitted by the licensees. The Company has complied with all the regulatory reporting requirements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the issuance of electronic money in Uganda ("**Airtel Money Services**") as a Payment Service Provider (PSP) and Payment Systems Operator (PSO). The Company provides access to Mobile Money platform where customers can send and receive money electronically and make merchant payments.

FINANCIAL RESULTS

	2024 Ushs million	2023 Ushs million
Profit before taxation	444,347	357,010
Taxation charge	(133,385)	(107,119)
Profit for the year	310,962	249,891

RESULTS AND DIVIDEND

The profit for the year amounted to Ushs 310,962 million (2023: Ushs 249,891 million). The Directors declared interim dividends for the year ended 31 December 2024, on 8th May 2024 amounting to Ushs 60,900 million, on 24th July 2024 amounting to Ushs 74,000 million and on 7th November 2024 Ushs 77,000 million, totalling to Ushs 211,900 million (2023: 168,500 million) (refer note 25 of the Financial Statements).

Further, the Directors recommends a final dividend of Ushs 98,000 million at a rate of Ushs. 9,800 per share making a total dividend for the year of Ushs 309,900 million (2023: 248,300 million) at a rate of Ushs 30,990 per share for the year ended 31 December 2024 (2023: Ushs 24,830 per share).

Subject to the approval of the shareholders at the AGM, the final dividend will be paid to the shareholders on the register by 30 April 2025. This final dividend is not included as a liability in the financial statements.

RESERVES

The reserves of the Company are set out on page 11 in the Statement of Financial Position.

AIRTEL MOBILE COMMERCE UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who held office during the year and to the date of this report were as follows:

Mr. Japhet Aritho	- Executive Director
Hon. Maria Kiwanuka	- Non-Executive Director (Resigned on 14 th February 2025)
Mr. John Muhaise Bikalemesa	- Non-Executive Director
Mr. Vimal Kumar Ambat	- Non-Executive Director
Mr. Neeraj Jain	- Non-Executive Director

Appointment of Directors was approved by Bank of Uganda.

The Directors were in office for the entire period unless otherwise stated.

SHAREHOLDING

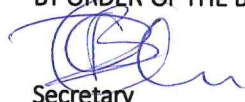
The shareholding of the Company as at 31st December 2024 is as follows

Name of shareholder	No. of shares	% of shareholding
Airtel Mobile Commerce Uganda B. V	9,999,999	99.99999%
Airtel Mobile Commerce Holdings B. V	1	0.00001%

AUDITORS

Deloitte & Touche, Certified Public Accountant of Uganda, have expressed their willingness to continue in office in accordance with the provisions of Section 163 (2) of the Companies Act, Cap. 106 of the laws of Uganda.

BY ORDER OF THE BOARD



Secretary

7 March 2025

Kampala

AIRTEL MOBILE COMMERCE UGANDA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

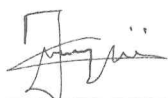
The Companies Act Cap, 106 of the Laws of Uganda requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the State of Financial Affairs of the Company as at the end of the financial year and of its operating results for that year. The Act also requires the Directors to ensure 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.

The Directors are ultimately responsible for the internal control. The Directors delegate responsibility for internal control to Management. Standards and systems of internal control are designed and implemented by Management to provide reasonable assurance as to the integrity and reliability of the Financial Statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and using the going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Directors accept responsibility for the year's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards issued by the International Accounting Standards Board and in the manner required by the Companies Act Cap 106 of Uganda. 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 and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

The Financial Statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Financial Statements were approved by the Board of Directors on 7 March 2025 and signed on its behalf by:



Mr. Japhet Aritho
Director



Vimal Kumar Ambat
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTEL MOBILE COMMERCE UGANDA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Airtel Mobile Commerce Uganda Limited set out on pages 10 to 43, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Airtel Mobile Commerce Uganda Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended and are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106 of the laws of Uganda.

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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other information

The Directors are responsible for the other information, which comprises the information included in the Directors' report and statement of directors' responsibilities as required by the Companies Act Cap, 106 of the laws of Uganda. The other information does not include the financial statements and our auditor's report thereon.



Partners: A. N. Muraya* F. Okwiri* P. Ssali

*Kenyan

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

The firm is licensed and regulated by Institute of Certified Public Accountants of Uganda

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTEL MOBILE COMMERCE UGANDA LIMITED (CONTINUED)

Other information

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

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

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap, 106 of the laws of Uganda and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AIRTEL UGANDA LIMITED (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal requirements

As required by the Companies Act Cap, 106 of the laws of Uganda, we report to you based on our audit, that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and
- (iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditor's report is Paul Ssali, Practicing Number P0508.

Deloitte & Touche
Certified Public Accountant of Uganda

14 APRIL 2025
Kampala

Paul Ssali
Paul Ssali
Partner



AIRTEL MOBILE COMMERCE UGANDA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2024

	Notes	2024 Ushs Millions	2023 Ushs Millions
Revenue	6(a)	892,404	736,370
Other income	6(b)	572	718
		892,976	737,088
Expenses			
Sales & Marketing Expense	7(a)	(379,377)	(318,388)
Employee costs	7(b)	(14,592)	(16,879)
Administrative & General Expenses	7(c)	(51,219)	(42,442)
Other Expenses	7(d)	(1,039)	(653)
Licence & Regulatory Fees	7(e)	(50)	(68)
Impairment (loss)/reversal	13	(15)	-
Depreciation and amortisation	8	(7,676)	(7,136)
		(453,968)	(385,566)
Operating profit		439,008	351,522
Finance income	9(a)	5,368	5,573
Finance costs	9(b)	(29)	(85)
Profit before tax		444,347	357,010
Tax expense	10(a)	(133,385)	(107,119)
Total comprehensive income for the year, net of tax		310,962	249,891

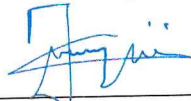
AIRTEL MOBILE COMMERCE UGANDA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2024

	Notes	2024 Ushs Millions	2023 Ushs Millions
ASSETS			
Non-current assets			
Property plant and equipment	11	15,960	13,060
Capital work-in-progress	11	5,689	362
Intangible assets	12	3,487	4,943
Deferred tax asset (net)	10(d)	547	1,129
		<u>25,683</u>	<u>19,494</u>
Current assets			
Financial assets			
Trade receivables *	13	35,731	10,930
Cash and cash equivalents	14	100,268	67,762
Loans and advances	15(e)	-	41,411
Others *	16	8,836	419
Other current assets	17	1,076	280
		<u>145,911</u>	<u>120,802</u>
		<u>171,594</u>	<u>140,296</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Issued capital	18	10,000	10,000
Retained earnings		103,353	84,091
		<u>113,353</u>	<u>94,091</u>
Non- Current Liabilities			
Other financial liabilities	19(a)	110	84
		<u>110</u>	<u>84</u>
Current liabilities			
Financial liabilities			
Trade payables *	20	12,286	4,444
Others *	19(b)	7,744	10,104
Provisions *	21	1,424	1,825
Income tax liabilities (net)	10(c)	10,580	6,344
Other current liabilities *	22	26,097	23,404
		<u>58,131</u>	<u>46,121</u>
TOTAL EQUITY & LIABILITIES		<u>171,594</u>	<u>140,296</u>

* Refer to note 26 for reclassification adjustments.

The financial statements on pages 10 to 43 were approved for issue by the Board of Directors on 7 March 2025 and signed on its behalf by:


Mr. Japhet Aritho
Director

Vimal Kumar Ambat
Vimal Kumar Ambat
Director

AIRTEL MOBILE COMMERCE UGANDA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2024**

	Share capital Ushs Millions	Retained earnings Ushs Millions	Total Ushs Millions
At 1 January 2023	10,000	25,450	35,450
Profit for the year	-	249,891	249,891
Dividend – Final dividend FY 22 (Refer to note 25)	-	(22,750)	(22,750)
Dividends – Interim dividends FY 23 (Refer to note 25)	-	(168,500)	(168,500)
At 31 December 2023	10,000	84,091	94,091
At 1 January 2024	10,000	84,091	94,091
Profit for the year	-	310,962	310,962
Dividend – Final dividend FY 23 (Refer to note 25)	-	(79,800)	(79,800)
Dividends – Interim dividends FY 24 (Refer to note 25)	-	(211,900)	(211,900)
At 31 December 2024	10,000	103,353	113,353

AIRTEL MOBILE COMMERCE UGANDA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Ushs millions	2023 Ushs millions
OPERATING ACTIVITIES			
Profit before tax		444,347	357,010
Adjustments for:			
Depreciation and amortisation	8	7,676	7,136
Interest income	9(a)	(5,044)	(3,848)
Unrealised foreign exchange gain	9(a)	(62)	-
Movement in provision for trade receivables	13	15	-
Operating cash flow before changes in working capital		446,932	360,298
(Increase)/Decrease in trade receivables	13	(24,822)	21,903
(Increase)/Decrease in other financial and current assets	16, 17	(9,213)	147
Increase/(Decrease) in trade payables*	20	7,910	(7,695)
Increase/(Decrease) in other financial, provisions and non-financial liabilities*	19,21,22	(1,508)	5,573
Net cash generated from operations before tax		419,299	380,226
Income tax paid	10(e)	(128,567)	(107,019)
Net cash generated from operating activities (a)		290,732	273,207
INVESTING ACTIVITIES			
Purchase of property, plant and equipment & capital work in progress	11	(12,981)	(3,139)
Purchase of intangibles	12	-	(4,482)
Loan given to related party	15(e)	(35,000)	(40,000)
Loan repaid by related party	15(e)	75,000	-
Interest received from related party	15(e)	4,933	-
Interest received	9(a)	1,522	2,437
Net cash flows used in investing activities (b)		33,474	(45,184)
FINANCING ACTIVITIES			
Dividend paid	25	(291,700)	(191,250)
Net cash flows used in financing activities (c)		(291,700)	(191,250)
Net movement in cash and cash equivalents during the year (a+b+c)		32,506	36,773
Cash and cash equivalents as at beginning of the year	14	67,762	30,989
Cash and cash equivalents as at end of the year	14	100,268	67,762

* Refer to note 26 for reclassification adjustments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024**

1 CORPORATE INFORMATION

Airtel Mobile Commerce Uganda Limited a Company incorporated under the Laws of Uganda and whose registered office is at Airtel Towers, Plot 16A Clement Hill Road, Nakasero and of P.O. Box 6771 Kampala, Uganda (hereinafter referred to as “AMCUL” which expression shall include its successors in title and permitted assigns) of the other part. AMCUL is duly licensed E- money issuer in Uganda (“Airtel Money Services”). The Company is subsidiary of Airtel Mobile Commerce Uganda B.V The Ultimate holding Company is Airtel Africa PLC (listed in London stock exchange and Nigeria stock exchange).

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

2.1 New and amended Standards that are effective for the current year

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 7 Statement of Cash flows and IFRS 7 financial instruments: Disclosures titled supplier finance arrangements

The Company has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

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

The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)**

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.1 New and amended Standards that are effective for the current year (Continued)

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

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

The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

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

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

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

The Company has adopted the amendments to IFRS 16 for the first time in the current year.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)**

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.1 New and amended Standards that are effective for the current year (Continued)

Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback (Continued)

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

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

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

2.2 New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Standard or amendment	Description	Effective date
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
Amendments to IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments IFRS 9 and IFRS 7	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual IFRS improvement Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026

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, except if indicated below.

Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and revised standards in issue but not yet effective (Continued)

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods.

Lack of Exchangeability (Amendments to IAS 21)

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- **Specify when a currency is exchangeable into another currency and when it is not** — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- **Specify how an entity determines the exchange rate to apply when a currency is not exchangeable** — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- **Require the disclosure of additional information when a currency is not exchangeable** — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

The amendments to IAS 21 are effective for accounting periods beginning on or after 1 January 2025 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and revised standards in issue but not yet effective (Continued)

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The International Accounting Standards Board (IASB) has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'.

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

The amendments to IFRS 9 and IFRS 7 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11

The IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11

Standard	The amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge accounting by a first-time adopter. The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 <i>Financial Instruments</i> .
IFRS 7 Financial Instruments: Disclosures	Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 <i>Fair Value Measurement</i> was issued.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 Financial Instruments	Lessee derecognition of lease liabilities. The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and revised standards in issue but not yet effective (Continued)

IFRS 9 Financial Instruments	Transaction price. The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of ‘transaction price’ in IFRS 15 <i>Revenue from Contracts with Customers</i> while term ‘transaction price’ is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.
IFRS 10 Consolidated Financial Statements	Determination of a ‘de facto agent’. The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
IAS 7 Statement of Cash Flows	Cost method. The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’ that is no longer defined in IFRS Accounting Standards.

The annual improvement volume 11 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

3 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 years presented, unless otherwise stated.

(a) Basis of preparation

The Financial Statements of Airtel Mobile Commerce Uganda Limited have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board and the requirements of the Companies Act Cap. 106 of the Laws of Uganda. The Financial Statements are presented in Uganda Shillings and all values are rounded to the nearest million.

For purposes of reporting under the Companies Act Cap. 106 of the Laws of Uganda, the Balance Sheet in these Financial Statements is represented by the Statement of Financial Position and the Profit and Loss account is represented by the Statement of Profit or Loss and Other Comprehensive Income.

The accounting policies adopted are consistent with those used in the previous year.

(b) Basis of measurement

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Basis of measurement (Continued)

Fair value measurement

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

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

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.

(c) Revenue recognition

Revenue arises from billing customers for P2P (person to person off net) transactions; cash out (withdrawal) transactions, Airtel Money to bank transactions, collections of funds for customers purchasing goods and services using Airtel Money and commissions on sale of airtime and business revenue arising from bulk payment transactions. Such commissions are recognised as revenue at a point in time on fulfilment of these services by the Company. 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transactions have been resolved.

(d) Functional currency and translation of 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 Uganda Shillings 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".

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Functional currency and translation of foreign currencies (Continued)

(ii) Transactions and balances (Continued)

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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(e) Property, plant and equipment and Capital work in progress

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

All categories of property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item of PPE is recognised.

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

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

Categories	Period (Years)
Computer equipment	3
Furniture & fixture and Office Equipment	2-5

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e) Property, plant and equipment and Capital work in progress (Continued)

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.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

(f) Intangible assets

Licences (including Operator License-Central bank of Uganda)

The Company's intangible asset comprises of licenses. Licenses are recognised as an asset when it is probable that future economic benefits from the asset will flow to the entity and the cost of the license can be reliably measured.

Licenses are initially measured at cost and subsequently amortised on a straight-line basis over their useful lives. Intangible assets are measured at cost less accumulated amortisation and impairment losses. 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. Licenses are amortised over a period of 1 to 3 years.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, wallet balance, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are integral part of the Company's cash management and balance held under mobile money trust are included as a shown separately from the component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Provisions (Continued)

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

(i) Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit plans, other long-term benefits including compensated absences and employee stock option plans. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees. Short-term employee benefits are recognised in Statement

of comprehensive income at undiscounted amounts during the period in which the related services are rendered. Details of long-term employee benefits are provided below:

Defined contribution plans

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

Defined benefit plans

The Company has defined benefit plans in form of 'Retirement Benefits' and 'Severance Pay' 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 appropriate discount rate.

Defined benefit costs are split into the following categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements.
- interest expense; and
- remeasurements.

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

Other long-term employee benefits

benefits. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Employee benefits (continued)

Other long-term employee benefits (Continued)

The employees of the Company are entitled to compensated absences as well as other long-term

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

Provident Fund

The Company contributes to the Staff Provident Fund. Under this scheme, the employee contributes 5% of their gross salary while the employer contributes 5% of each employee's gross salary. There is an option for employees to contribute over and above the mandatory 5%. The total remittance to the fund per month in respect of each employee is 10%. The contribution is charged to the statement of comprehensive income in the year in which it is incurred.

National Social Security Fund

The company contributes to the National Social Security Fund a National savings scheme mandated by Government. Under this scheme, the employee contributes 5% of their gross salary while the employer contributes 10% of each employee's gross salary to NSSF.

Employee Stock Option Plan (ESOP)

The company issues cash-settled share based options to senior management of the Company. These are measured at fair value on the date of grant. The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the company's estimates of the shares that will eventually vest. At the end of each reporting period, until the liability is settled, and at the date of settlement, liability is re-measured at fair value, with any changes in fair value pertaining to the vesting period till the reporting date is recognised immediately in profit or loss.

(j) Income tax

Income tax expense is the aggregate of the charge to the profit or loss in respect of current income tax and deferred income tax. Tax is recognised in profit or loss account unless it relates to items recognised directly in Equity, in which case it is also recognised directly in Equity. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act.

(i) Current tax

The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Income tax (Continued)

(i) Current tax (Continued)

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.

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.

(k) Financial instruments

Recognition, classification and presentation

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Financial instruments (Continued)

Recognition, classification and presentation (Continued)

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

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

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

Measurement – non-derivative financial instruments

(i) Initial measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognized 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 recognized in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Financial instruments (Continued)

(ii) Subsequent measurement – financial assets (Continued)

Impairment

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

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognized 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).

Measurement – derivative financial instruments

Derivative financial instruments, including separated embedded derivatives that are not designated as hedging instruments in a hedging relationship are classified as financial instruments at fair value through profit or loss. Such derivative financial instruments are initially recognized at fair value. They are subsequently measured at their fair value, with changes in fair value being recognized in profit or loss within finance income/finance costs.

(iv) Derecognition

Financial liabilities are recognized from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are recognized 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 recognized in the statement of comprehensive income.

(l) Impairment of non-financial assets.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Impairment of non-financial assets (Continued)

Reversal of impairment losses

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

(m) 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.

(n) Share capital and Share premium

Issued ordinary shares are classified as Equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of Capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect. Any premium received over and above the par value of the shares is classified as 'share premium' in Equity.

(o) Comparatives

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

(p) Current versus non-current classification

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

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the Company's normal operating cycle, held primarily for the purpose of trading, expected to be

realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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

(q) 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 recognized and disclosed only where an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Dividends

Dividend to shareholders is recognized as a liability and deducted from Equity, in the year in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, which does not need shareholders' approval, are recognized as a liability and deducted from retained earnings, in the year in which the dividends are so declared.

(s) Operator License with Central bank of Uganda

Licenses under this category comprise of the License from the central bank for Payment Service Provider (Class A) Licence - Large Electronic Money Issuer and Payment Systems Operator - (Electronic Money Systems) Licence - Large Funds Transfer. These Licenses are initially measured at cost and subsequently amortised on a straight-line basis over a period of 12 months.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Key sources of estimation uncertainty

Income taxes

The Company is subject to income taxes under the Income Tax Act 1997 (as amended). Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Property, plant and equipment

Estimates of residual values are based on management judgment in addition to the estimates of expected useful lives of property, plant and equipment. The depreciation rates are set out in accounting policy in note 3(e).

Intangible assets

Intangible assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

5 FINANCIAL RISK MANAGEMENT.

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks.

Risk management is carried out by management under policies approved by the Board of Directors.

a) Market risk

(i) Foreign exchange risk

The Company operates locally and is not exposed to foreign exchange risk arising from various currency exposures.

The Company's foreign exchange risk is limited to the extent of foreign currency cash and cash equivalent and includes formal hedging with Local banks and monitoring of the movement in the rates is done on daily basis to get a favourable and limiting of the amounts traded when the rate is not favourable. Following the significant exchange rate fluctuations historically, Airtel Mobile Commerce Uganda Limited has continuously embarked on aggressive negotiations to have all local suppliers of operational expenditure items charge the Company in local currency.

Foreign Currency Exposure

Particulars	2024 Ushs million	2023 Ushs million
Assets		
Cash & cash equivalents (net)	9,419	2,629
Trade & other receivables	309	1,230
Total Assets	9,728	3,859
Liabilities		
Trade & Other Payables	4,281	1,247
Total Foreign currency exposure (Net)	5,447	2,612

At 31 December 2024, if the Uganda Shilling had weakened/strengthened by 5% to 3,857.7/3,490.3 against the US Dollar with all other variables held constant, as opposed to actual as at year end of 3,674.45, pre-tax profit for the year would have been as follows;

	Increase/ decrease in the value of Ushs vs. USD	Effect on profit before tax Ushs millions	Effect on Profit after tax and equity Ushs millions
Net effect based on the year end as at 31 December 2024	+5%	(272.3)	(190.6)
	-5%	272.3	190.6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

a) *Market risk (continued)*

(i) Foreign exchange risk (continued)

	Increase/ decrease in the value of Ushs vs. USD	Effect on profit before tax Ushs millions	Effect on Profit after tax and equity Ushs millions
Net effect based on the year end as at 31 December 2023	+5% -5%	(130.6) 130.6	(91.42) 91.42

Note: Above figures are foreign currency denominated assets/liabilities only. The following US Dollar exchange rates applied during the period:

	2024	2023
Average Rate	3,756.79	3,725.05
Closing Rate	3,674.45	3,779.00

(ii) Price risk

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

(iii) Cash flow and interest rate risk

The Company does not have any exposure to market risk for changes in interest rate.

b) *Credit risk*

Credit risk arises from trade and other receivables. The credit control function assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual credit limits are set based on internal or external factors including a percentage of the security deposit made or in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

Barring and denial of services is enforced for those customers that have not paid within the required time.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2024 is made up as follows:

	2024 Ushs millions	2023 Ushs millions
Assets		
Bank Balances	57,152	29,508
Fixed deposits	10,000	7,558
Trade receivables	637	2,438
Amounts due from related parties	35,109	8,492
Loans & advances	-	41,411
Other financial assets	8,836	419
Total assets	111,734	89,826

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Credit risk (continued)

	Not Past Due Less than 30 days Ushs millions	30 to 60 days Ushs millions	Past Due 60 to 90 days Ushs millions	Above 90 days Ushs millions	Total Ushs millions	Impairment Ushs millions	Net Ushs millions
31 December 2024	14,490	12,866	8,307	8,919	44,582	15	44,567
31 December 2023	11,059	187	-	103	11,349	-	11,349

c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The Company does not have any significant financial liabilities that would require any substantial liquidity apart from regular operational cash flows at any given point of time.

The amounts disclosed in the breakdown below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Particulars	<1 year Ushs million	1 – 2 years Ushs million	2 - 5 years Ushs million	Total Ushs million
As at 31 December 2024				
Financial assets				
Trade and other receivables	44,567	-	-	44,567
Cash and Cash Equivalents	100,268	-	-	100,268
	<u>144,835</u>	<u>-</u>	<u>-</u>	<u>144,835</u>
Financial liabilities				
Trade Payables	12,286	-	-	12,286
Other financial liabilities	7,744	110	-	7,854
Net Liquidity gap	<u>124,805</u>	<u>(110)</u>	<u>-</u>	<u>124,695</u>
At 31 December 2023				
	<1 year Ushs millions	1-2 years Ushs millions	>2 years Ushs millions	Total Ushs millions
Financial assets				
Trade and other receivables	11,349	-	-	11,349
Loans & advances	41,411	-	-	41,411
Cash and Cash equivalents	67,762	-	-	67,762
	<u>120,522</u>	<u>-</u>	<u>-</u>	<u>120,522</u>
Financial liabilities				
Trade payables	4,444	-	-	4,444
Other financial liabilities	10,104	84	-	10,188
Net liquidity gap	<u>105,974</u>	<u>(84)</u>	<u>-</u>	<u>105,890</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maximise returns for Shareholders and to maintain an optimal capital structure to reduce the cost of capital, and to continue complying with the licensing requirement. In order to maintain or adjust the capital structure, the Company holds a minimum Capital requirement of Ushs 10 billion which is required by the National payments system regulation issued by Central Bank of Uganda for the license holders of Payment system operator and Payment service provider.

	2024	2023
	Ushs million	Ushs million
6 (a) REVENUE		
Cash out Revenue	378,286	339,326
Recharge Revenue	135,854	124,852
Money transfer revenue	177,422	123,314
Bill payment Revenue	114,542	97,939
Others	86,300	50,939
	892,404	736,370
6 (b) OTHER INCOME		
Grant	572	718
	572	718
7 (a) SALES AND MARKETING EXPENSE		
Sales and distribution expense	372,202	314,888
Marketing expense	7,175	3,500
	379,377	318,388
7(b) EMPLOYEE COSTS		
Salaries	12,988	15,315
Defined contribution plan	954	1,100
Staff welfare expenses	614	431
Others	36	33
	14,592	16,879
7 (c) ADMINISTRATIVE AND GENERAL EXPENSES		
Legal & professional fees	25,504	23,626
Rates and taxes	8,548	3,405
IT expenses	7,621	6,691
Audit fees	309	277
Others	9,237	8,443
	51,219	42,442

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

7 (c) ADMINISTRATIVE AND GENERAL EXPENSES (CONTINUED)

Auditor's remuneration for the year ended 31 December 2024 includes Ushs 38.5 million (2023: Ushs 38 million) for non-audit services paid to Deloitte & Touche in respect of the review of the quarterly reports submitted to Bank of Uganda.

7 (d) OTHER EXPENSES

	2024 Ushs million	2023 Ushs million
Directors' fees	393	295
Board Sitting allowance	380	290
Other Travel	266	68
	<u>1,039</u>	<u>653</u>

7 (e) LICENCE & REGULATORY FEES

Licence & Regulatory Fees	<u>50</u>	<u>68</u>
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8 DEPRECIATION AND AMORTIZATION

Depreciation of property, plant and equipment (Note 11)	6,220	4,864
Amortisation of intangible assets (Note 12)	1,456	2,272
	<u>7,676</u>	<u>7,136</u>

9 FINANCE INCOME /COSTS

(a) Finance income

Interest income on deposits	1,522	2,437
Interest on intercompany loan	3,522	1,411
Realised exchange gains	262	1,725
Unrealised exchange gain	62	-
	<u>5,368</u>	<u>5,573</u>

(b) Finance costs

Other finance charges	29	85
	<u>29</u>	<u>85</u>

10. TAXATION

(a) The Tax expense for the year is attributed to the following:

Current tax expense	132,786	104,694
Deferred tax expense	577	2,425
Tax effect of prior year adjustments		
- Current tax expense	17	-
- Deferred tax expense	5	-
	<u>133,385</u>	<u>107,119</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

10. TAXATION (CONTINUED)

- (b) The reconciliation between the amounts computed by applying the statutory income tax rate to the profit before tax and income tax expense is summarized below.

	2024	2023
	Ushs million	Ushs million
Profit before tax	444,347	357,010
Enacted tax rates in Uganda	30%	30%
Tax expense at 30%	133,304	107,103
Adjustments in respect to previous year	22	-
Expense not deductible (net)	59	16
	133,385	107,119

(c) Income tax liabilities (net)

Opening balance	(6,344)	(8,669)
Current tax expense	(132,786)	(104,694)
Advance tax paid	128,567	107,019
Tax effect of prior year adjustments –Current tax expense	(17)	-
Closing Balance	(10,580)	(6,344)

(d) Deferred Tax Asset

The Company has a net deferred tax asset of Ushs 547 million (2023: Ushs 1,129 million) arising from accelerated tax depreciation and other temporary differences.

	At 1 Jan 2024 Ushs million	Movement for the year Ushs million	At 31 Dec 2024 Ushs million
Accelerated tax depreciation	693	(664)	29
Temporary differences	436	82	518
Net deferred tax Asset	1,129	(582)	547

	At 1 Jan 2023 Ushs million	Movement for the year Ushs million	At 31 Dec 2023 Ushs million
Accelerated tax depreciation	1,432	(739)	693
Temporary differences	2,122	(1,686)	436
Net deferred tax Asset	3,554	(2,425)	1,129

(e) Income tax paid

	2024	2023
	Ushs million	Ushs million
Advance Tax Paid	108,370	84,984
Withholding Tax paid	13,851	14,684
Final Tax Paid for 2023/2022	6,346	7,351
Closing Balance	128,567	107,019

AIRTEL MOBILE COMMERCE UGANDA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment & furniture Ushs million	Buildings and Lease hold Improvements Ushs million	Computers Ushs million	Vehicles Ushs million	Total Ushs million	Capital work in progress Ushs million
COST						
At 1 January 2024	19,174	266	47,618	-	67,058	362
Additions	-	-	-	-	-	14,447
Reclassification	(41)	-	41	-	-	-
Transfer from CWIP	-	-	8,546	574	9,120	(9,120)
At 31 December 2024	19,133	266	56,205	574	76,178	5,689
ACCUMULATED DEPRECIATION						
At 1 January 2024	10,524	90	43,384	-	53,998	-
Charge for the year	3,394	53	2,763	10	6,220	-
At 31 December 2024	13,918	143	46,147	10	60,218	-
NET CARRYING AMOUNT						
At 31 December 2024	5,215	123	10,058	564	15,960	5,689
COST						
At 1 January 2023	19,109	266	43,503	-	62,878	1,403
Additions	-	-	-	-	-	3,139
Transfer from CWIP	65	-	4,115	-	4,180	(4,180)
At 31 December 2023	19,174	266	47,618	-	67,058	362
ACCUMULATED DEPRECIATION						
At 1 January 2023	6,841	37	42,256	-	49,134	-
Charge for the year	3,683	53	1,128	-	4,864	-
At 31 December 2023	10,524	90	43,384	-	53,998	-
NET CARRYING AMOUNT						
At 31 December 2023	8,650	176	4,234	-	13,060	362

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

12 INTANGIBLE ASSETS

	License Ushs million	Total Ushs million
COST		
At 1 January 2024	27,829	27,829
Additions	-	-
	<u>27,829</u>	<u>27,829</u>
ACCUMULATED AMORTISATION		
At 1 January 2024	22,886	22,886
Charge for the year	1,456	1,456
At 31 December 2024	<u>24,342</u>	<u>24,342</u>
NET CARRYING AMOUNT		
At 31 December 2024	<u>3,487</u>	<u>3,487</u>
	License Ushs million	Total Ushs million
At 1 January 2023	23,347	23,347
Additions	4,482	4,482
	<u>27,829</u>	<u>27,829</u>
ACCUMULATED AMORTISATION		
At 1 January 2023	20,614	20,614
Charge for the year	2,272	2,272
	<u>22,886</u>	<u>22,886</u>
NET CARRYING AMOUNT		
At 31 December 2023	<u>4,943</u>	<u>4,943</u>

Note: Software licenses are included under computers and amortised commencing from the date when the related rights to use is available for intended use. The useful lives range from 1 year to 3 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

13 TRADE RECEIVABLES

	Note	2024 Ushs million	2023 Ushs million
Trade receivables		637	2,438
Amount due from related party (refer Note 15 (c))		35,109	8,492
Gross trade receivables		35,746	10,930
Provision for impairment		(15)	-
	26(a)(1)(i)	35,731	10,930
Impairment Provision			
At start of the year		-	-
Additions		15	-
At end of the year		15	-

Trade receivables represent amounts due from related party towards International Money Transfer business, content and recharge transactions. There has been no change in the estimation techniques or significant assumptions made in calculating the provision.

14 CASH AND CASH EQUIVALENTS

Bank balance	57,152	29,508
Cash at hand	1,924	1,466
Balance held in wallet	31,192	29,230
Fixed deposit	10,000	7,558
	100,268	67,762

15 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is 100% owned by Bharti Airtel Mobile Commerce Uganda BV incorporated in Netherlands. The receivable and payable balances consist of International Money Transactions, content and Commission on Easy recharge transactions.

Name of related party	Relationship	2024 Ushs million	2023 Ushs million
	to Company		
(a) Purchase of goods and services			
Airtel Uganda Limited	Fellow subsidiary	98,507	29,230
Nextra Data Limited	Fellow subsidiary	106	-
Airtel Mobile Commerce B.V.	Intermediate Parent	23,142	20,868
Airtel Money Tanzania Limited	Fellow subsidiary	-	17
Total		121,755	50,115
(b) Sale of goods and services			
Airtel Uganda Limited	Fellow subsidiary	256,518	206,208
Airtel Mobile Commerce B.V.	Intermediate Parent	686	-
		257,204	206,208

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

15 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Name of related party	Relationship to company	2024 Ushs million	2023 Ushs million
(c) Receivable from related parties			
Airtel Uganda Limited	Fellow subsidiary	34,800	7,262
Airtel Mobile Commerce Limited – Malawi	Fellow subsidiary	-	333
Airtel Mobile Commerce Zambia Limited	Fellow subsidiary	261	826
Airtel Money Tanzania Limited	Fellow subsidiary	48	71
		35,109	8,492
(d) Payables to related parties			
Airtel Mobile Commerce Rwanda Limited	Fellow subsidiary	296	167
Airtel Networks Kenya Limited	Fellow subsidiary	300	175
Airtel Mobile Commerce Limited – Malawi	Fellow subsidiary	6	-
Airtel Mobile Commerce B.V.	Parent Company	567	888
Airtel Money Tanzania Limited	Fellow subsidiary	-	17
		1,169	1,247

- (e) The Company signed an agreement with its related party on 30 Jun 2023 for a facility of Ushs 75,000 million to be drawn in instalments. The Company extended Ushs 20,000 million on 1st September 2023, Ushs 20,000 million on 6th October 2023, Ushs 15,000 million on 2nd January 2024, Ushs 10,000 million on 19th January 2024 and Ushs 10,000 million on 26th March 2024, respectively totalling to Ushs 75,000 million with a tenor of one year. The Interest rate on the loan facility was 90-Day Treasury bill rate Plus 2.5% per annum. The company received full payment Ushs 75,000 million and interest of 4,933 million of the facility extended in 2024.

16 FINANCIAL ASSETS – OTHERS

	Note		
Unbilled revenue		3,774	94
Claim receivable		4,948	106
Others		114	219
	26(a)(1)(ii)	8,836	419

The carrying value disclosed is approximately equal to their fair value as they are short term in nature.

17 OTHER CURRENT ASSETS

	2024 Ushs millions	2023 Ushs millions
Prepaid expenses	294	220
Vat recoverable	770	60
Others	12	-
	1,076	280

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

18 SHARE CAPITAL

Total number of authorised shares are 10,000,000. The price per share for the 10,000,000 is Ushs 1,000 each details are shown below:

	2024 Ushs million	2023 Ushs million
(a) Authorised share capital:		
10,000,000 ordinary shares of Ushs 1,000 each	<u>10,000</u>	<u>10,000</u>
(b) Ordinary shares issued and fully paid:		
10,000,000 ordinary shares of Ushs 1,000 each	<u>10,000</u>	<u>10,000</u>

19 OTHER FINANCIAL LIABILITIES

	Note	2024 Ushs millions	2023 Ushs millions
(a) Non-current			
Dues to employees		<u>110</u>	<u>84</u>
		<u>110</u>	<u>84</u>
(b) Current			
Dues to employees		168	71
Equipment supply payables		1,925	459
Security deposits		507	489
Others		<u>5,144</u>	<u>9,085</u>
	26(a)(2)(ii)	<u>7,744</u>	<u>10,104</u>

20 TRADE PAYABLES

Trade payables	11,087	3,139
Other payable	30	58
Amounts due to related parties (Refer note 15(d))	<u>1,169</u>	<u>1,247</u>
	26(a)(2)(i)	<u>12,286</u>
		<u>4,444</u>

21 PROVISION

Dues to employees	<u>1,424</u>	<u>1,825</u>
	26(a)(2)(iii)	<u>1,424</u>
		<u>1,825</u>

22 OTHER CURRENT LIABILITIES

Taxes payable	25,669	22,892
Others	<u>428</u>	<u>512</u>
	26(a)(2)(iv)	<u>26,097</u>
		<u>23,404</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

23 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by class of the carrying amount and fair value of the financial instruments that are recognised in the Financial Statements. The carrying amount of the financial assets and financial liabilities approximate their fair values because of their short-term nature as shown below.

Particulars	Carrying Amount		Fair Value	
	2024	2023	2024	2023
	Ushs million	Ushs million	Ushs million	Ushs million
Financial assets				
Assets carried at Fair Value				
Cash and cash equivalents	100,268	67,762	100,268	67,762
Trade receivables	35,731	10,930	35,731	10,930
Loans & advances	-	41,411	-	41,411
Other financial assets	8,836	419	8,836	419
	<u>144,835</u>	<u>120,522</u>	<u>144,835</u>	<u>120,522</u>
Financial liabilities				
Liabilities carried at Fair Value				
Trade payables	12,286	4,444	12,286	4,444
Other financial liabilities	7,854	10,188	7,854	10,188
	<u>20,140</u>	<u>14,632</u>	<u>20,140</u>	<u>14,632</u>

24 COMMITMENTS AND CONTINGENCIES

a) Legal proceedings

As at 31 December 2024, there were no legal proceedings pending thus Nil Liability

b) Tax proceedings.

As at 31 December 2024, there were no tax proceedings thus Nil liability.

c) Capital commitments.

Capital commitments of Ushs 25,634 million (2023: Ushs 13,403 million) represent the unexecuted capital contracts as at 31 December 2024. These are contracts between Airtel Mobile Commerce Uganda Limited and its vendors for the provision of Capital Expense material.

	2024	2023
	Ushs million	Ushs million
Within one year	<u>25,634</u>	<u>13,403</u>

25 DIVIDENDS DECLARED

The profit for the year amounted to Ushs 310,962 million (2023: Ushs 249,891 million). The Directors declared interim dividends for the year ended 31 December 2024, on 8th May 2024 amounting to Ushs 60,900 million, on 24th July 2024 amounting to Ushs 74,000 million and on 7th November 2024 Ushs 77,000 million, totalling to Ushs 211,900 million (2023: 168,500 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

25 DIVIDENDS DECLARED (CONTINUED)

	2024 Ushs million	2023 Ushs million
At 1 January	-	-
Final dividend declared	79,800	22,750
Interim dividends declared	211,900	168,500
Dividend Paid	(291,700)	(191,250)
At 31 December	-	-

26. RECLASSIFICATION OF CATEGORISATION OF ITEMS

Certain reclassification adjustments have been made to the comparative period's financial statements to enhance comparability with the current year's financial statement. As a result, certain line items have been reclassified in the statement of financial position and statement of cash flows, the details of which are as under:

(a) BALANCE SHEET RECLASSIFICATION

Reported 2023	Ushs million	Reclassified 2023	Ushs million
1 CURRENT ASSETS		CURRENT ASSETS	
(i) Trade receivable	11,349	Financial assets	
Trade receivable	2,751	Trade receivable	2,438
Amount due from related party	8,492	Amount due from related party	8,492
Claim receivable	106		
(ii)		Others	419
		Unbilled revenue	94
		Claim receivable	106
		Others	219
2 CURRENT LIABILITIES		CURRENT LIABILITIES	
(i) Trade & other payables	39,777	Financial liabilities	
Trade payable	10,599	Trade payable	4,444
Statutory dues payable	22,493	Trade payable	3,139
Equipment supply payable	459	Amount due to related party	1,247
Other payable	4,979	Others	58
Amount due to related party	1,247		
(ii)		Other – financial liabilities	10,104
		Dues to employees	71
		Equipment supply payable	459
		Security deposit	489
		Others	9,085
(iii)		Provision (due to employees)	1,825
(iv)		Other current liabilities	23,404
		Taxes payable	22,892
		Others	512

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024 (CONTINUED)

26. RECLASSIFICATION OF CATEGORISATION OF ITEMS (CONTINUED)

(b) CASHFLOWS RECLASSIFICATION

Reported 2023	Ushs million	Reclassified 2023	Ushs million
(i) (Decrease)/increase in trade payables & other payables	(2,122)	(Decrease)/increase in trade payables	(7,695)
		Increase/(decrease) in other financial and non-financial liabilities	5,573

27 SUBSEQUENT EVENTS

The Directors recommend a final dividend of Ushs 98,000 million i.e., Ushs. 9,800 per share making a total dividend for the year of Ushs 309,900 million.

Subject to the approval of the shareholders at the AGM, the final dividend will be paid to the shareholders on the register by 30 April 2025. This final dividend is not included as a liability in the financial statements.