AIRTEL MONEY TRANSFER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2024

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DIRECTORS
Mrs. Anne Kinuthia Otieno*
Mr. Japhet Kinyua Aritho*

* Kenyan

REGISTERED OFFICE

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

COMPANY SECRETARY

Scribe Services Secretaries
P.O. Box 3085 – 00100
NAIROBI, KENYA

AUDITORS

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

PRINCIPAL BANKERS

Equity Bank (Kenya) Limited
Equity Centre
Upper Hill, Hospital Road
P. O. Box 75104 - 00200
Nairobi, Kenya

(All amounts are in KSH '000, unless stated otherwise)

The directors submit their report together with the audited financial statements for the year ended 31 December 2024, which discloses the state of affairs of Airtel Money Transfer Limited, (the "Company").

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry on business as a money remittance operator dealing in inbound and outbound international money transfers.

2. RESULTS

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

	For the year ended	
	31 Dec 2024	**31 Dec 2023**
Profit before tax	1,559	22,060
Tax expense	(468)	(6,618)
Profit after tax	**1,091**	**15,442**

3. DIRECTORS

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

Name	Nationality	Role	Date of Appointment
Mrs. Anne Kinuthia Otieno	Kenyan	Director	Appointed on 21st December 2021
Mr. Japhet Kinyua Aritho	Kenyan	Director	Appointed on 6th June 2019

Directors do not have any interest in the Company's shareholding. During the period, the Company did not pay any directors' fees.

4. GOVERNANCE

The Board of Directors consists of two directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

5. BUSINESS REVIEW

Airtel Money Transfer Limited has continued to experience steady growth in business performance and especially led by the growth in customer numbers.

We have witnessed a strong growth in customer numbers in the year ending December 2024.
The number of outbound customers grew by 163% year on year with the inbound customers growing by 70% year on year.

5. BUSINESS REVIEW (Continued)

The company has continued to put in place initiatives aimed at growing the business by enhancing the existing Airtel Africa corridors and onboarding additional corridors such as Terrapay and Thunes.
For the year 2025, we target continued strong growth in customer numbers and effectively volume and value of transactions.

We sincerely thank our customers, government bodies, regulators, business partners and employees for their unwavering support this year and look forward to an even better and stronger working relation in the coming year.

6. DISCLOSURE OF INFORMATION TO AUDITORS

Each director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

7. AUDITORS

Deloitte & Touche LLP, having expressed their willingness, continue in office in accordance provisions of section 719 (2) of the Kenyan Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

By order of the Board

SCRIBE SERVICES SECRETARIES
Nairobi, Kenya

25 March 2025

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The Directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and error.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(ii) selecting suitable accounting policies and applying them consistently; and

(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 25 March 2025 and signed on its behalf by:

....	....
Anne Kinuthia Otieno	**Japhet Aritho**
Director	**Director**

25 March 2025

Deloitte.

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
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Kenya

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

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Airtel Money Transfer Limited (the "Company") set out on pages 9 to 25, which comprise the statement of financial position as at 31 December 2024, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Airtel Money Transfer Limited as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with 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

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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.

Report on the audit of the Financial Statements (Continued)

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by IASB, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

➢ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MONEY TRANSFER LIMITED (continued)

Report on the audit of the Financial Statements (Continued)

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

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

Report of the directors

In our opinion the information given in the report of directors' report on pages 3 to 4 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Freda Mitambo,** Practising certificate **No. 2174.**

Freda Mitambo

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

...28 March...2025

Statement of Profit or Loss and other Comprehensive Income

(All amounts are in KSH '000, unless stated otherwise)

	Note	For the year ended 31 Dec 2024	31 Dec 2023
Income			
Revenue	4	18,092	13,642
		18,092	13,642
Expenses			
Other Administration Expenses	8	726	1,994
License Fees	8	100	100
Sales & Marketing Expense	8	4,606	2,163
Employee cost	8	2,007	2,884
		7,439	7,141
Operating Profit		**10,653**	**6,501**
Finance cost/(income)	5	9,094	(15,559)
Profit before tax		**1,559**	**22,060**
Income tax expense	6	773	6,454
Deferred tax (credit)/expense	7	(305)	164
Total tax expense		**468**	**6,618**
Profit for the year		**1,091**	**15,442**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**1,091**	**15,442**

Statement of Financial Position

(All amounts are in KSH '000, unless stated otherwise)

	Note	As of 31 Dec 2024	As of 31 Dec 2023
Assets			
Current Assets			
Financial Assets			
Trade receivables	9	36,467	75,705
Cash and cash equivalents	10	75,502	81,036
Other Current Assets	11	100	100
		112,069	156,841
Total Assets		**112,069**	**156,841**
Liabilities			
Non-Current liabilities			
Deferred tax liability	7	212	517
		212	517
Current Liabilities			
Income tax payable	6	773	720
Trade and other payables	13	49,608	95,363
Provisions	14	144	-
		50,525	96,083
Total Liabilities		**50,737**	**96,600**
Net Assets		**61,332**	**60,241**
Equity			
Ordinary share capital	12	40,000	40,000
Retained earnings		21,332	20,241
Total Equity		**61,332**	**60,241**

The financial statements on pages 9 to 25 were approved and authorized for issue by the Board of directors on .25 March 2025 and signed on its behalf by:

……………………………………

Anne Kinuthia Otieno
Director

……………………………………

Japhet Aritho
Director

(All amounts are in KSH '000, unless stated otherwise)

Equity attributable to owners of the company

	Share Capital		Retained Earnings	Total Equity
	No of Shares	Amount		
As at 1 Jan 2023	4,000,000	40,000	4,799	44,799
Profit for the year			15,442	15,442
Balance at 31 Dec 2023	**4,000,000**	**40,000**	**20,241**	**60,241**
As at 1 Jan 2024	4,000,000	40,000	20,241	60,241
Profit for the year			1,091	1,091
Balance at 31 Dec 2024	**4,000,000**	**40,000**	**21,332**	**61,332**

Statement of Cash Flow

(All amounts are in KSH '000, unless stated otherwise)

	Note	As of 31 Dec 2024	As of 31 Dec 2023
Cash flows from operating activities			
Profit before tax		1,559	22,060
Adjustments for:			
Foreign exchange loss/(gain)	5	8,939	(15,665)
Operating cash flow before changes in working capital		10,498	6,395
Changes in working capital			
Decrease/ (increase) in trade receivables	9	39,238	(41,140)
Increase in other current assets	11	-	(100)
Increase/(Decrease) in Trade and other payables	13	(45,755)	52,705
Increase in provisions	14	144	-
Net cash generated from operating activities before tax		4,125	17,860
Income tax paid	6	(720)	(6,018)
Net cash generated from operating activities after tax		3,405	11,842
Currency translation differences relating to cash and cash equivalents	5	(8,939)	15,665
Cash and cash equivalents as at beginning of the year		81,036	53,529
Cash and cash equivalents as at end of the year	10	**75,502**	**81,036**

1. COMPANY INFORMATION

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

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

The parent company of this operation is Airtel Money Kenya Limited. The principal activity of the Company is to carry on business as a money remittance operator dealing in inbound and outbound international money transfers.

2. MATERIAL ACCOUNTING POLICES

a) Basis of Preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and the requirements of the Kenyan Companies Act, 2015.

For the purpose of reporting under the Kenyan Companies Act, 2015, the balance sheet in the financial statements is represented by the statement of financial position and the profit and loss statement is presented in the statement of profit or loss and other comprehensive income.

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.

b) Basis of Measurement

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those Standards as adopted by the International Accounting Standards Board.

The financial statements are reported in Kenya Shillings rounded to the nearest thousands (KSh'000), which is also the functional currency.

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

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements. The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair

2. MATERIAL ACCOUNTING POLICES (continued)

b) Basis of measurement (continued)

value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The three levels of the fair-value-hierarchy are described below:

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

c) Foreign currency transactions

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

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

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

d) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the company has received or expects to receive in exchange of those products or services, net of any taxes/duties and discounts. When determining the consideration to which the company is entitled for providing promised products or services via intermediaries, the company assesses whether the intermediary is a principal or agent in the onward sale to the end customer. Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

- **Service Revenue**

  This includes fees deducted directly from customers' wallet for P2P transactions to international mobile money customers.

e) Taxes

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

2. MATERIAL ACCOUNTING POLICES (continued)

e) Taxes (continued)

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date. The payment made in excess/ (shortfall)of the income tax obligation for the respective periods are recognized in the statement of financial position under income tax assets/income tax liabilities, respectively.

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

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

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 realize the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognized, 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 recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets, recognized and unrecognized, 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.

2. MATERIAL ACCOUNTING POLICES (continued)

f) Cash and cash equivalents

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

Cash and cash equivalents also include inter-operability collection and disbursement funds. Interoperability refers to a mobile money transfer service allowing customers to send and receive money across networks.

g) Financial Instruments

a) Recognition, classification and presentation

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

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

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

b) Measurement - Non-derivative financial instruments

I. Initial measurement

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

Interest income from these financial assets is included in finance income.

2. MATERIAL ACCOUNTING POLICES (continued)

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

II. Subsequent measurement - financial assets (continued)

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

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

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

- **Impairment**

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

III. Subsequent measurement - financial liabilities

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

a) Derecognition

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

Cash and cash equivalents, trade receivables and prepayments are the financial assets of the Company. Financial liabilities comprise the amounts to related parties arising from international money transfers. All financial assets and liabilities are valued at amortized cost due to their nature and fair value of the same approximate the carrying amount due to short term nature.

c) Statement of Cash flows

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.

2. MATERIAL ACCOUNTING POLICES (continued)

h) Share capital

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.

i) Provisions

General

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

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

j) 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.

k) Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on the directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(All amounts are in KSH '000, unless stated otherwise)

3. APPLICATION OF NEW AND REVISED IFRS STANDARDS

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

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

Newly issued amendments include;

- Amendments to IAS 7 and IFRS 7 in relation to "Supplier Finance Arrangements"
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements-Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases-Lease Liability in a Sale and Leaseback

3.2 New and revised Standards in issue but not yet effective

The following pronouncements issued by the IASB are relevant to the Company and are effective for periods on or after I January 2025. The Company's financial statements will be presented in accordance with these requirements, which are being evaluated but are not expected to have a material impact on the results, financial position or cashflows of the Company.

- Amendments to IAS 21- Lack of Exchangeability
- IFRS 18- Presentation and Disclosures in Financial Statements

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

4. REVENUE

	For the year ended	
	31 Dec 2024	**31 Dec 2023**
Service Revenue	18,092	13,642
	18,092	**13,642**

5. FINANCE COST (INCOME)

	For the year ended	
	31 Dec 2024	**31 Dec 2023**
Bank charges	155	106
	155	**106**
Realized foreign exchange loss/(gain)	8,939	(15,665)
	8,939	**(15,665)**
Total Finance cost/(income)	**9,094**	**(15,559)**

(All amounts are in KSH '000, unless stated otherwise)

6. INCOME TAX

The company's profit before income tax differs from the statutory profit before income tax amount as follows:

	For the year ended	
	31 Dec 2024	**31 Dec 2023**
Profit for the year before tax	1,559	22,060
Enacted tax rates in the country	30%	30%
Tax expense with enacted rate	468	6,618
Income tax expense	468	6,618

Income tax payable

	31 Dec 2024	**31 Dec 2023**
Opening income tax payable	720	284
Current year expense	773	6,454
Tax paid	(720)	(6,018)
Closing income tax payable	**773**	**720**

7. DEFERRED TAX

	As of	
	31 Dec 2024	**31 Dec 2023**
Unrealized foreign exchange gains	849	1,721
Provision for annual performance bonus	(144)	-
Total temporary differences	**705**	**1,721**
Deferred tax liability	212	517

Deferred income tax is calculated using the tax rate of 30% (2023: 30%). The movement of the deferred income tax account is as follows:

	31 Dec 2024	**31 Dec 2023**
Opening balance*	517	353
Deferred tax (credit)/expense recognized for the year	(305)	164
Net deferred tax liability	**212**	**517**

8. EXPENSES

	As of	
	2024	**2023**
Other administration expenses	726	1,994
Employee cost	2,007	2,884
Sales and marketing expenses	4,606	2,163
License fees*	100	100
	7,439	**7,141**

*This relates to the annual fees for the Money Remittance Provider (MRP) license.
Other expenses are cross charges from the Airtel Money Kenya Limited

(All amounts are in KSH '000, unless stated otherwise)

9. TRADE RECEIVABLES

	As of	
	2024	**2023**
Amounts due from related parties	36,467	75,705
	36,467	**75,705**

10. CASH AND CASH EQUIVALENTS

	As of	
	2024	**2023**
Balance held in wallets	34,810	20,612
Cash at bank	40,692	60,424
Total	**75,502**	**81,036**

The above cash and cash equivalent balance has been considered in preparation of the statement of cash flows.

11. OTHER CURRENT ASSETS

	As of	
	31 Dec 2024	**31 Dec 2023**
Prepaid Expenses	100	100
	100	**100**

12. SHARE CAPITAL AND SHAREHOLDING

The shareholding of the Company as at 31 December 2024 and 2023 is as stated below: -

	As of 31-Dec-24
Name of Shareholder	**No. of Shares**
Airtel Money Kenya Limited	4,000,000
Authorized:	
4,000,000 ordinary shares of KShs. 10 each	40,000
Issued and fully paid:	
4,000,000 ordinary shares of KShs. 10 each	40,000

	As of 31-Dec-23
Name of Shareholder(s)	**No. of Shares**
Airtel Money Kenya Limited*	4,000,000
	4,000,000
Authorized:	
4,000,000 ordinary shares of KShs. 10 each	40,000
Issued and fully paid:	
4,000,000 ordinary shares of KShs. 10 each	40,000

*In June 2023, 100% shareholding of this company was transferred from Airtel Networks Kenya Limited and Bharti Airtel Africa B.V to Airtel Money Kenya Limited.

13. TRADE AND OTHER PAYABLES

	As of	
	31 Dec 2024	**31 Dec 2023**
Payable to related parties	48,981	94,611
Payable to others	627	752
	49,608	**95,363**

14. PROVISIONS

	As of	
	31 Dec 2024	**31 Dec 2023**
Provision for annual performance bonus	144	-
	144	**-**

15. RELATED PARTY TRANSACTIONS

The company's parent company is Airtel Money Kenya Limited. Below is a summary of the key transactions with related parties;

	As of		
	31 Dec 2024	**31 Dec 2023**	**Relationship**
Receivable from related parties			
Airtel Mobile Commerce Zambia Ltd	12,956	40,779	Fellow subsidiary
Airtel Money Tanzania Limited	5,894	19,654	Fellow subsidiary
Airtel Uganda Limited	10,544	7,275	Fellow subsidiary
Airtel Rwanda Ltd	7,073	7,997	Fellow subsidiary
	36,467	75,705	
Payable to related parties			
Airtel Money Kenya Limited	44,133	90,171	Immediate parent
Airtel Mobile Commerce Ltd-Malawi	4,848	4,440	Fellow subsidiary
Airtel Uganda Limited	-	-	Fellow subsidiary
Airtel Rwanda Ltd	-	-	Fellow subsidiary
	48,981	94,611	

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 program focuses on the unpredictability of financial markets and seeks to minimize 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.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

- ***Foreign Exchange Risk***

  The company's currency risk arises mainly from fluctuation of the Kenya Shilling against the US Dollar since the company has liabilities and receivables from related parties that are denominated in US Dollar. The company manages foreign exchange risk by converting its foreign currency balances into local currency on an on-going basis to cater for its operational requirements. The sensitivity analysis has been prepared on the basis that the trade receivables, payables and the proportion of financial instruments in foreign currencies are all constant.

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

  At 31 December 2024, if the Ksh. had weakened/strengthened by 5% against the US dollar with all other variables held constant, pretax profit/(loss) for the period would have been KShs'000 3,030 (2023: Ksh'000 3,615) lower/higher, mainly as a result of US dollar denominated trade receivables and payables.

(All amounts are in KSH '000, unless stated otherwise)

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

MARKET RISK (Continued)

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

	As of	
	31 Dec 2024	**31 Dec 2024**
Assets in foreign currencies		
Cash and cash equivalents	28,977	1,037
Trade receivables	36,467	75,705
Total Assets	**65,444**	**76,742**
Liabilities in foreign currencies		
Trade and other payables	4,848	4,440
Total Liabilities	**4,848**	**4,440**
Net foreign currency Asset	**60,596**	**72,302**
Sensitivity Analysis of 5%	3,030	3,615

CREDIT RISK

Credit risk also arises from cash and deposits with banks and financial institutions, amounts from related parties and trade and other receivables. The company has no significant concentrations of credit risk. Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade Receivable

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

As there is no independent credit rating of the customers available with the company, the management reviews the credit-worthiness of its customers based on their financial position, past experience, ageing and other factors.
Currently all the balances are held as receivables from sister companies and as a policy decision are not considered for impairment.

The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk by credit risk rating grade.

Bank balances are not restricted and include deposits held with banks that have high credit ratings. Bank balances are thus considered investment grade. Impairment loss on the bank balances is therefore not material.

The Cash and Cash equivalents are carried at gross amount – amortized cost. The loss allowance on cash and cash equivalents, if recognized, would pass through the profit and loss account and would be borne by Airtel Money Kenya Limited. The current liquid assets have been recognized as the principal amount receivable to the Banks excluding any interest.

(All amounts are in KSH '000, unless stated otherwise)

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (Continued)

Trade Receivable (Continued)

31-Dec-24	Gross carrying amount	Loss allowance	Net amount
Cash and cash equivalent	75,502	-	75,502
Trade receivables	36,467	-	36,467
	111,969	**-**	**111,969**

31-Dec-23	Gross carrying amount	Loss allowance	Net amount
Cash and cash equivalent	81,036	-	81,036
Trade receivables	75,705	-	75,705
	156,741	**-**	**156,741**

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations from its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The table below summarizes the maturity profile of the company's financial liabilities based on contractual undisclosed payments:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Totals
At 31 December 2024:				
Liabilities				
Trade and other payables	49,608	-	-	49,608
Total financial liabilities	**49,608**	**-**	**-**	**49,608**
At 31 December 2023:				
Liabilities				
Trade and other payables	95,363	-	-	93,363
Total financial liabilities	**95,363**	**-**	**-**	**93,363**

CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the company. The company manages its capital structure and adjusts it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares.

Fair Value of financial assets and liabilities

Set out below are the carrying amounts and fair values of the financial instruments that are carried in the financial statements. The Financial assets and Financial liabilities are short term in nature so cost or carrying amount approximates the fair value.

(All amounts are in KSH '000, unless stated otherwise)

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY MANAGEMENT (continued)

	Carrying amount		Fair value	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Financial Assets				
Trade receivables	36,467	75,705	36,467	75,705
Cash and cash equivalents	75,502	81,036	75,502	81,036
Total financial assets	**111,969**	**156,741**	**111,969**	**156,741**
Financial Liabilities				
Trade and other payables	49,608	95,363	49,608	95,363
Total financial liabilities	**49,752**	**95,363**	**49,608**	**95,363**

17. OPERATIONS

The directors have put in place internal controls systems which include instituting measures ostensibly to ensure adequate accounting records are maintained.

18. COMMITMENTS AND CONTIGENCIES

i. Capital commitments

There were no capital commitments entered into by the company as at the reporting date. (2023: None).

ii. Legal claims

There were no known legal cases against the company as at the reporting date. (2023: None).

19. COMPARATIVES

Where necessary, comparative figures of 2023 have been reclassified to conform to changes in presentation in the current year.

20. EVENTS AFTER THE REPORTING DATE

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