

AIRTEL MOBILE COMMERCE LIMITED

Annual Report
and
Financial Statements for the year ended
31 December 2022

AIRTEL MOBILE COMMERCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

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AIRTEL MOBILE COMMERCE LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2022

The directors have pleasure in presenting to members audited financial statements for the year ended 31 December 2022 and report thereon as follows:

1. REVIEW OF ACTIVITIES

Main Business and Operations

Airtel Mobile Commerce Limited was incorporated under the Companies Act 1984 as repealed by the Companies Act 2013.

The principal activity of the Company is to provide mobile commerce services through the Airtel Money infrastructure.

Operations

Effective 1st February 2022, the Shareholders and Board of Directors of Airtel Mobile Commerce Limited & Airtel Money Trust resolved that the Trust operations and accounts, shall be operated and provided through Airtel Mobile Commerce Limited (AMCL). This dissolution was in line to comply with RBM – E Money regulation. Accordingly, the Financial Statements of Airtel Mobile Commerce Limited for the year ended 31 December 2022 have been prepared together with the Trust business accounts under one Airtel Money operational activities. The comparative previous year's figures of 2021 are without Airtel Money Trust balances. In previous years, Airtel Money Trust had its own financial statements as it was a stand alone legal entity until the 26 January resolution to dissolve the Trust.

2. AUTHORISED AND ISSUED SHARE CAPITAL

Authorized, issued and fully paid:

	<u>2022</u>	<u>2021</u>
50 000 000 (2021 : 50 000 000) Ordinary shares of K1 each	50 000 000	50 000 000

The shareholding of the Company as at 31 December 2022 is as stated below:-

Name of Share Holder	No. of Shares	% of Shareholding
Airtel Mobile Commerce B.V.	49 999 999	99.999%
Airtel Mobile Commerce Holdings B.V.	<u>1</u>	<u>0.001%</u>
	<u>50 000 000</u>	<u>100%</u>

3. GOVERNANCE

The Board of Directors consists of one executive directors and five non-executive director. 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.

AIRTEL MOBILE COMMERCE LIMITED
DIRECTORS' REPORT (Continued)
For the year ended 31 December 2022

4. DIRECTORS

The following directors appointed in terms of the Articles of Association of the Company served office during the year.

Name	Residence	Nationality	Date of appointment
Mr. Brighton Banda*	Malawi	South African	27th October 2022
Miss Barbara Barungi**	Nigeria	Ugandan	26th January 2022
Mr Vimal Kumar Ambat **	South Africa	Indian	26th January 2022
Ms Cihan A. Seuleiman-Morgan**	UAE	French	26th January 2022
Mr Isack Nchunda **	Tanzania	Tanzanian	26th January 2022
Mr Frank Mvalo**	Malawi	Malawian	26th January 2022

*Executive Director **Non-Executive Director

5. COMPANY SECRETARY

The company secretary of the Company is Mr Abdulhakim Mkwanda.

6. FINANCIAL PERFORMANCE

The results and state of affairs of the company are set out in the accompanying statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to financial statements, which include a summary of significant accounting policies:

	<u>2022</u> K'000	<u>2021</u> K'000
Revenue	65 812 314	42 991 954
Profit before tax	31 572 491	20 126 786
Income tax expense	(9 482 245)	(6 048 842)
Profit for the year	22 090 246	14 077 944

6. RESERVES

Details of the reserves of the company are shown in the statement of changes in equity on page 10.

7. DIVIDENDS

The company has declared a dividend of K 27.5 billion during the year ended 31 December 2022 (2021: nil) in respect of 2021 financial results.

AIRTEL MOBILE COMMERCE LIMITED
DIRECTORS' REPORT (Continued)
For the year ended 31 December 2022

8. GOING CONCERN

In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the financial statements.

The company recorded a profit after tax for the year ended 31 December 2022 of K22 billion (2021: K14.08 billion) and, as at that date, the company had current liabilities of K79.2 billion (2021: K7.2 billion) against current assets of K97.4 billion (2021: K30.94 billion). The company as at 31 December 2022 was in net current assets position of K18.10 billion (2021: K23.68 billion). The directors determined that the financial statements should be prepared on a going concern basis.

9. AUDITORS

The auditors, Deloitte, have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting in relation to their appointment as auditors in respect of the year ending 31 December 2023.


.....
Mr Brighton Banda (Director)


.....
Mr Frank Mvalo(Director)

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2022

The Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Airtel Mobile Commerce Limited as at the end of the financial year and of the operating results for that year.


The directors also acknowledge their duty to ensure the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act.


In preparing the financial statements the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for establishing internal controls that ensure the propriety of transactions and accuracy and reliability of the accounting records and to safeguard the assets of the Company against loss by theft, fraud, defalcation or otherwise.

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 and cash flows for the year ended 31 December 2022.


.....) MR Brighton Banda (DIRECTOR)


.....) MR Frank Mvalo (DIRECTOR)

31st May 2023 DATE

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

Opinion

We have audited the accompanying financial statements of Airtel Mobile Commerce Limited set out on pages 8 to 38 which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Airtel Mobile Commerce Limited as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act.

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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and 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. The other information comprises the directors' report and the statement of directors' responsibilities, as required by the Companies Act, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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



Other Information (Continued)

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

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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; and

- 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 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.

The Deloitte logo, consisting of the word "Deloitte" in a stylized, cursive script font.

Chartered Accountants

Christopher Kapenda

Partner

31 May 2023

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	As at 31 December 2022 K'000	As at 31 December 2021 K'000
ASSETS			
Non-current assets			
Plant and equipment	5	3 493 159	3 938 822
Intangible assets	6	360 025	131 286
Deferred tax asset	7	<u>754 065</u>	<u>382 409</u>
Total non-current assets		<u>4 607 249</u>	<u>4 452 517</u>
Current assets			
Trade and other receivables	9	3 867 482	1 238 291
Cash and cash equivalents	10a	51 321 199	29 706 632
Balances held under mobile money wallet	10b	<u>42 181 080</u>	<u>-</u>
Total current assets		<u>97 369 761</u>	<u>30 944 923</u>
Total assets		<u>101 977 010</u>	<u>35 397 440</u>
EQUITY & LIABILITIES			
Share capital			
Share capital		50 000	50 000
Retained earnings		<u>22 669 113</u>	<u>28 078 867</u>
Total shareholders' equity		<u>22 719 113</u>	<u>28 128 867</u>
Current liabilities			
Mobile wallet balance	11a	42 181 080	-
Trade & other payables	11b	9 281 944	5 605 933
Dividend payable		24 750 000	-
Income tax payable	12	<u>3 014 873</u>	<u>1 662 640</u>
Total current liabilities		<u>79 257 897</u>	<u>7 268 573</u>
Total equity and liabilities		<u>101 977 010</u>	<u>35 397 440</u>

The financial statements on pages 8 to 37 were approved and authorised for issue by the Board of Directors on

31 May 2023

and signed on its behalf by:


.....
Mr Brighton Banda (Director)


.....
Mr Frank Mvalo(Director)

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	For the year ended 31 December <u>2022</u> K'000	For the year ended 31 December <u>2021</u> K'000
Income			
Operating revenue	13	<u>65 812 314</u>	<u>42 991 954</u>
Expenses			
Sales and distribution		(27 668 255)	(18 126 552)
License fee		(2 474 811)	(2 176 005)
Other expenses	14	(4 953 687)	(2 962 476)
Depreciation and amortisation	5 & 6	<u>(1 210 789)</u>	<u>(971 720)</u>
		(36 307 542)	(24 236 553)
Operating profit		29 504 772	18 755 401
Net foreign exchange loss	15	(617 657)	(473 149)
Finance income		2 688 655	1 854 282
Finance cost	16	<u>(3 279)</u>	<u>(9 748)</u>
Profit before tax		31 572 491	20 126 786
Income tax expense	17	<u>(9 482 245)</u>	<u>(6 048 842)</u>
Profit for the year		22 090 246	14 077 944
Other comprehensive income		<u>-</u>	<u>-</u>
Profit and total comprehensive income for the year		<u>22 090 246</u>	<u>14 077 944</u>

AIRTEL MOBILE COMMERCE LIMITED
 STATEMENT OF CHANGES IN EQUITY
 For the year ended 31 December 2022

	<u>Share capital</u> K'000	<u>Retained earnings</u> K'000	<u>Total</u> K'000
<u>Year ended 31 December 2022</u>			
At the beginning of the year	50 000	28 078 867	28 128 867
Total comprehensive income for the year	-	22 090 246	22 090 246
Dividend declared	-	<u>(27 500 000)</u>	<u>(27 500 000)</u>
At end of the year 31 December 2022	<u>50 000</u>	<u>22 669 113</u>	<u>22 719 113</u>
<u>Year ended 31 December 2021</u>			
At the beginning of the year	50 000	14 000 923	14 050 923
Total comprehensive income for the year	-	<u>14 077 944</u>	<u>14 077 944</u>
At end of the year 31 December 2021	<u>50 000</u>	<u>28 078 867</u>	<u>28 128 867</u>
		<u>2022</u> K'000	<u>2021</u> K'000
<u>Issued and fully paid:</u>			
50 000 000 (2021: 50 000 000) ordinary shares of K1 each		<u>50 000</u>	<u>50 000</u>

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	For the year ended 31 December 2022	For the year ended 31 December 2021
		<u>K'000</u>	<u>K'000</u>
Cash flows from operating activities			
Profit before tax		31 572 491	20 126 786
<i>Adjustment for:</i>			
Depreciation and amortization	5 & 6	1 210 789	971 720
Finance income		<u>(2 688 655)</u>	<u>(1 854 282)</u>
Operating cash flow before working capital changes		30 094 625	19 244 224
(Increase) / decrease in trade and other receivables		(2 629 191)	884 445
Increase / (decrease) in trade and other payables		<u>3 676 010</u>	<u>(2 790 453)</u>
Cash generated from operations before tax		31 141 444	17 338 216
Income tax paid		<u>(8 471 668)</u>	<u>(5 734 392)</u>
Net cash generated from operating activities		<u>22 669 776</u>	<u>11 603 824</u>
Cash flows from investing activities			
Interest received		2 688 655	1 854 282
Purchase of plant and equipment	5 & 6	<u>(993 865)</u>	<u>(4 814 525)</u>
Net cash generated by / (used in) investing activities		<u>1 694 790</u>	<u>(2 960 243)</u>
Cash flow from financing activities			
Dividend paid		<u>(2 750 000)</u>	-
Net cashflow from financing activities		<u>(2 750 000)</u>	<u>-</u>
Net increase in cash and cash equivalent during the year		21 614 567	8 643 581
Cash and cash equivalent at the beginning of the year		<u>29 706 632</u>	<u>21 063 051</u>
Cash and cash equivalent at the end of the year	10	<u>51 321 199</u>	<u>29 706 632</u>

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Corporate information

Airtel Mobile Commerce Limited (the 'company') was incorporated under the Companies Act 1984 as repealed by the Companies Act 2013.

The principal activity of the Company is to provide mobile commerce services through the Airtel Money infrastructure.

Registered office and place of business

Airtel House, City Centre
Off Independence Drive
P.O Box 57
Lilongwe
Malawi

Bankers

National Bank of Malawi P.O Box 30317, Lilongwe 3
NBS Bank P.O Box 829, Lilongwe
FDH Bank P.O Box 30432, Lilongwe3
FCB Private Bag 122, Blantyre
Standard Bank PO Box 30386, Capital City, Lilongwe
Ecobank P.O. Box 2980, Lilongwe

1.2 Operations

Effective 1st February 2022, the Shareholders and Board of Directors of Airtel Mobile Commerce Limited & Airtel Money Trust resolved that the Trust operations and accounts, shall be operated and provided through Airtel Mobile Commerce Limited (AMCL). This dissolution was in line to comply with RBM – E Money regulation. Accordingly, the Financial Statements of Airtel Mobile Commerce Limited for the year ended 31 December 2022 have been prepared together with the Trust business accounts under one Airtel Money operational activities. The comparative previous year's figures of 2021 are without Airtel Money Trust balances. In previous years, Airtel Money Trust had its own financial statements as it was a stand alone legal entity until the 26 January resolution to dissolve the Trust.

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2022.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3) The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements (Continued)

Annual reporting periods beginning on or after 1 January 2022	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
Annual reporting periods beginning on or after 1 January 2022	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Annual reporting periods beginning on or after 1 January 2022	Makes amendments to the following standards: <ul style="list-style-type: none"> • IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs. • IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. • IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these financial statements.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2024	<p>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</p> <p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p>
Annual reporting periods beginning on or after 1 January 2023	<p>Amendments to IFRS 17</p> <p>Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:</p> <ul style="list-style-type: none"> • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023 • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual reporting periods beginning on or after 1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Annual reporting periods beginning on or after 1 January 2023	IFRS 17 Insurance Contracts IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.
Annual reporting periods beginning on or after 1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8) The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
Annual reporting periods beginning on or after 1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Annual reporting periods beginning on or after 1 January 2024	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Annual reporting periods beginning on or after 1 January 2024	Non-current Liabilities with Covenants (Amendments to IAS 1) The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

The directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the company.

3. Significant accounting policies

The following is a summary of the significant accounting policies adopted by the company. These policies have been consistently applied to all year presented, unless otherwise stated.

3.1 Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are accounted for as in note 3.12 below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measured date regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

- Level 1 inputs are quoted prices (unadjusted) in active market 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, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies of the company, which are set out below, have been consistently followed in all material respects.

3.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3. Significant accounting policies (Continued)

3.3 Use of estimates and judgments (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in the application of IFRS's that have significant effect on the amounts recognised in the financial statements are discussed in note 4 to these financial statements.

3.4 Revenue

Revenue arises from billing customers for P2P (person to person offnet) 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 fulfillment 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

Revenue is measured at the fair value of the consideration received for the provision of services in the ordinary course of the company's activities. Revenue is shown net of value-added tax (VAT), excise duties, discount and rebates.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

All repairs and maintenance expenditure is expensed as incurred unless it is deemed probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company, in which case it is added to the carrying amount of the asset.

Depreciation is calculated on a straight line basis at a rate that will reduce book amounts to estimated residual values over the estimated useful lives of the assets as follows:

- Network equipment	3-20 years
- Computer equipment	3- 5 years
- Furniture and fixtures	1- 5 years

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

3. Significant accounting policies (Continued)

3.5 Property, plant and equipment (Continued)

The company re-assesses both the useful lives and residual lives of the assets annually. Any future changes in either useful lives or estimated residual values are accounted for prospectively as a change in accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Plant and equipment 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. Work in progress is not depreciated.

3.6 Intangible assets

The company's intangible asset comprises of mobility licenses. These 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 derecognition 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 period of the licence of 1 to 5 years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

3.7 Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. Significant accounting policies (Continued)

3.7 Impairment of non-financial assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or-cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating units) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss. Unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss. Unless the relevant asset is carried at a revalued amount in which case the reversal of impairment loss is treated as a revaluation increase.

3.8 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognised if the temporary difference arises from initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Significant accounting policies (Continued)

3.8 Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using Malawi Kwacha, the functional currency of the primary economic environment in which the entity operates. The financial statements are presented in Malawi Kwacha, which is the entity's functional and presentation currency.

(b) Transactions and balances

Transactions in currencies other than Malawi Kwacha are initially recorded at the rates of exchange ruling on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.10 Share capital and share premium

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

3. Significant accounting policies (Continued)

3.11 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.

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.12.1. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.12.2. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3.12.3. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

3.12.4 Foreign exchange gains and losses

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

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

3.12.5 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

3.12.5.1. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

3.12.5.1. Significant increase in credit risk (Continued)

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3.12.5.2. Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3.12.5.3. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3.12.5.4. Write off Policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

3.12.5.4. Write off Policy (Continued)

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.12.5.5. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3.12.5.6. Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

3. Significant accounting policies (Continued)

3.12 Financial instruments (Continued)

3.12.5.6. Derecognition of financial assets (Continued)

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.13 Financial liabilities and equity instruments

3.13.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.13.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.13.3 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. Significant accounting policies (Continued)

3.13 **Financial liabilities and equity instruments** (Continued)

3.13.4 **Financial liabilities at FVTPL**

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 *Financial Instruments* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the statement of comprehensive income. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in other comprehensive income.

3.13.5 **Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

3.13.6 **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

3. Significant accounting policies (Continued)

3.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.15 Contingencies

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

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical accounting judgements made by management

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.2 Key sources of estimation uncertainty

Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 Decembe 2022

5. Plant and equipment

	<u>Network equipment</u>	<u>Computer equipment</u>	<u>Furniture</u>	<u>Capital Work in progres</u>	<u>Total</u>
	K'000	K'000	K'000	K'000	K'000
December 2022					
<u>Cost</u>					
At the beginning of the year	-	117 083	2 860 970	1 628 577	4 606 630
Additions during the year	-	-	-	993 865	993 865
Transfer to intangible assets	-	42 704	1 198 337	(1 687 415)	(446 375)
At the end of the year	-	159 787	4 059 306	935 027	5 154 120
Accumulated Depreciation					
At the beginning of the year	-	68 078	599730	-	667 808
Charge for the year	-	293 973	702 266	-	996 239
Transfer to intangible assets	-	(258 724)	255 639	-	(3 086)
At the end of the year	-	103 327	1 557 635	-	1 660 961
Net book value 31 Dec 2022	-	56 460	2 501 671	935 027	3 493 159
Net book value 31 Dec 2021	-	49 005	2 261 240	1 628 577	3 938 822
December 2021					
<u>Cost</u>					
At the beginning of the year	44 953	48 919	-	-	93 872
Additions during the year	-	68 164	2 860 970	1 628 577	4 557 711
Transfer to intangible assets	(44 953)	-	-	-	(44 953)
At the end of the year	-	117 083	2 860 970	1 628 577	4 606 630
Accumulated Depreciation					
At the beginning of the year	32 037	48 919	-	-	80 956
Charge for the year	-	19 159	599 730	-	618 889
Transfer to intangible assets	(32 037)	-	-	-	(32 037)
At the end of the year	-	68 078	599 730	-	667 808
Net book value 31 Dec 2021	-	49 005	2 261 240	1 628 577	3 938 822

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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6. Intangible assets

	<u>2022</u>	<u>2021</u>
	License	License
	K'000	K'000
<u>Cost</u>		
At the beginning of the year	834 825	533 058
Additions	-	256 814
Transfer from plant and equipment	<u>446 375</u>	<u>44 953</u>
At the end of the year	<u>1 281 200</u>	<u>834 825</u>
<u>Amortisation</u>		
At the beginning of the year	703 539	318 671
Charge for the year	214 550	352 831
Transfer from plant and equipment	<u>3 086</u>	<u>32 037</u>
At the end of the year	<u>921 175</u>	<u>703 539</u>
Net book value at the end	<u>360 025</u>	<u>131 286</u>

7. Deferred tax asset

	<u>2022</u>	<u>2021</u>
	K'000	K'000
At beginning of the year	382 409	389 433
Credit/(charge) to income statement (note 17)	<u>371 656</u>	<u>(7 024)</u>
<i>At the end of the year</i>	<u>754 065</u>	<u>382 409</u>
Analysed as:		
Accelerated capital allowances	28 466	(81 977)
Other timing differences	<u>725 599</u>	<u>464 386</u>
	<u>754 065</u>	<u>382 409</u>

8. Related party disclosures

8.1 Amounts due from related parties

		<u>2022</u>	<u>2021</u>
Name of the related party	Relationship	K'000	K'000
Airtel Malawi plc	Fellow Subsidiary	670 170	369 006
Airtel Mobile Commerce Zambia Ltd	Fellow Subsidiary	1 117 150	51 551
Airtel Money Transfer Limited	Fellow Subsidiary	12 595	4 083
Airtel Mobile Commerce Rwanda Ltd	Fellow Subsidiary	21 595	2 424
Airtel Money Trust	Fellow Subsidiary	<u>-</u>	<u>-</u>
Disclosed on note 9		<u>1 820 960</u>	<u>427 064</u>

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

8. Related party disclosures (Continued)

8.2 Amounts due to related parties

Name of the related party	Relationship	<u>2022</u>	<u>2021</u>
		K'000	K'000
Airtel Mobile Tanzania Limited	Fellow Subsidiary	1 692 740	1 360 321
Airtel Mobile Commerce Uganda Limited	Fellow Subsidiary	<u>181 016</u>	<u>215 854</u>
Disclosed in note 11b		<u>1 873 756</u>	<u>1 576 175</u>

9. Trade and other receivables

	<u>2022</u>	<u>2021</u>
	K'000	K'000
Trade receivables	389 640	123 281
Less: Provision for impairment	<u>(159 151)</u>	<u>(7 671)</u>
	230 489	115 610
Amounts due from related parties (Note 8.1)	1 820 960	427 064
Other receivables	<u>1 816 033</u>	<u>695 617</u>
	<u>3 867 482</u>	<u>1 238 291</u>

The average credit period on sales of goods is 30 days while for interconnect for above 90 days. No interest is charged on outstanding trade receivables.

The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance.

Moreover, trade receivables are written off on a case to case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

Other receivables relates to prepayments that the company paid in advance for various services such as cost to obtain or fulfil contracts with customers, network costs and advance rent related to offices and shops and staff advances.

10a. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	K'000	K'000
Balances with banks		
On current accounts	26 928 755	2 171 952
Bank deposits with original maturities of three months or less	22 218 204	21 477 692
Cash balance	<u>2 174 240</u>	<u>6 056 988</u>
Cash and cash equivalents at the end of the year	<u>51 321 199</u>	<u>29 706 632</u>

Note that in 2021 Financial year the mobile wallet account was held by the Trust Fund hence nil balance.

The balances on current accounts were earning interest between 0.8% - 2% in 2022 (2021: 0.8% - 2%) per annum. The rest of the bank deposit were earning interest between 5-12% per annum (2021:5-12%).

The carrying amount of cash and cash equivalent of K 51.3 billion (2021: K29.7 billion) is a reasonable approximation of their fair values.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

10b. Balance held under mobile money wallet

	<u>2022</u> K'000	<u>2021</u> K'000
Trust bank balance	<u>42 181 080</u>	<u>-</u>

This represents funds held in trust on behalf of E-value holders which are not available for use by the company for its activities.

In terms of clauses 11 and 12 of the 'No objection for full roll out of Airtel money services granted by the Reserve Bank of Malawi, dated 27 July 2011, the company maintains separate bank accounts. The Company and Airtel Malawi plc including any other agents do not access the bank accounts for their benefit.

11a. Mobile money wallet balance

	<u>2022</u> K'000	<u>2021</u> K'000
Balances due to other mobile money customers	<u>42 181 080</u>	<u>-</u>

This represents funds held in trust on behalf of E-value holders which are not available for use by the company for its activities.

In terms of clauses 11 and 12 of the 'No objection for full roll out of Airtel money services granted by the Reserve Bank of Malawi, dated 27 July 2011, the company maintains separate bank accounts. The Company and Airtel Malawi plc including any other agents do not access the bank accounts for their benefit.

11b. Trade and other payables

	<u>2022</u> K'000	<u>2021</u> K'000
Trade payables	254 624	287 605
Accrued expenses	7 153 564	3 742 153
	<u>1 873 756</u>	<u>1 576 175</u>
Amounts due to related parties (Note 8.2)	<u>9 281 944</u>	<u>5 605 933</u>

The average credit period on payables is 60 days. No interest is charged on these payables. The directors consider that the carrying amount of payables approximates to their fair values due to their short term nature.

12. Income tax payable

	<u>2022</u> K'000	<u>2021</u> K'000
Opening balance	1 662 640	1 355 214
Withholding tax paid during the year	(1 006 530)	(653 815)
Income tax paid for last year	(1 870 334)	(1 357 907)
Provisional tax paid during the year	(5 594 804)	(3 722 670)
Income tax charged during the year (note 17)	<u>9 853 901</u>	<u>6 041 818</u>
Income tax payable	<u>3 044 873</u>	<u>1 662 640</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

13. Operating revenue

	<u>2022</u> K'000	<u>2021</u> K'000
Transaction charge on cash withdrawals	42 932 358	26 861 502
Other fees and charges	15 035 438	10 589 853
Airtime recharge transaction fees	6 710 740	4 497 388
Merchant collection service fees	<u>1 133 778</u>	<u>1 042 211</u>
	<u>65 812 314</u>	<u>42 991 954</u>

(1) Performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2022, (31 December 2021: Nil).

(2) Other fees and charges includes bank transfer service fees, service fees on international money transfers.

14. Other expenses

	<u>2022</u> K'000	<u>2021</u> K'000
IT expenses	991 703	574 505
Legal and professional	1 403 727	817 319
Salaries and wages	581 705	472 666
Customer service expenses	217 562	220 602
Staff welfare expenses	79 594	89 255
Marketing and advertisement	999 077	543 826
Administration expenses	528 838	331 440
Provision for doubtful debts	<u>151 480</u>	<u>(97 137)</u>
Total	<u>4 953 687</u>	<u>2 952 476</u>

15. Net foreign exchange loss

	<u>2022</u> K'000	<u>2021</u> K'000
Realised exchange loss	-	55 037
Unrealised exchange loss	<u>617 657</u>	<u>418 112</u>
	<u>617 657</u>	<u>473 149</u>

16. Finance cost

Bank charges	<u>3 279</u>	<u>9 748</u>
	<u>3 279</u>	<u>9 738</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

17. Income tax expense

Tax expense	<u>2022</u> K'000	<u>2021</u> K'000
Current income tax charge (note 12)	9 853 901	6 041 818
Deferred tax (credit)/charge (note 7)	<u>(371 656)</u>	<u>7 024</u>
	<u>9 482 245</u>	<u>6 048 842</u>
Profit before income tax	31 572 491	20 126 786
Tax calculated at the end statutory income tax rate of 30%	9 471 747	6 038 036
Tax effect of:		
Expenses not deductible for tax purposes (net)	<u>10 498</u>	<u>10 806</u>
Income tax expense	<u>9 482 245</u>	<u>6 048 842</u>

18. Financial risk management

Categories of financial instruments

The analysis below sets out the company's classification of financial assets and liabilities and their fair values including accrued interest.

	<u>2022</u> K'000	<u>2021</u> K'000
Financial assets at amortised cost		
Cash and cash equivalent (10a & 10b)	93 502 279	29 706 632
Trade and other receivable	2 046 522	811 227
Amount due from related party	<u>1 820 959</u>	<u>427 064</u>
Total	<u>97 369 760</u>	<u>30 944 923</u>
Financial liabilities at amortised cost		
Trade and other payables	7 408 188	4 029 758
Amounts due to related party	<u>1 873 756</u>	<u>1 576 175</u>
Total	<u>9 281 944</u>	<u>5 605 933</u>

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

AIRTEL MOBILE COMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

18. Financial risk management (Continued)

18.1 Liquidity risk (Continued)

18.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments

	<u>0 to 6</u> <u>months</u> K'000	<u>6 to 12</u> <u>months</u> K'000	<u>Over</u> <u>1 year</u> K'000	<u>Totals</u> K'000
<u>For the year ended 31</u>				
<u>December 2022</u>				
<u>Liabilities</u>				
Amount due to related parties	1 873 756	-	-	1 873 756
Trade and other payables	<u>7 408 188</u>	<u>-</u>	<u>-</u>	<u>7 7 408 188</u>
At the end of the year	<u>9 281 944</u>	<u>-</u>	<u>-</u>	<u>9 281 944</u>

18.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity and commodity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

18.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various service providers, prepayments and bank balances.

Amount due from the related party best represents the Company's maximum exposure to the credit risk or concentration of the credit risk.

18.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management of the Company.

19. Fair value measurements

IFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurement and disclosure and this applies to both financial and non-financial instruments items which either *IFRS* require or permit fair value measurements except for share based payments that are within the scope of *IFRS 2 Share-Based Payment*, leasing transactions that are within the scope of *IFRS 16 Leases* and other measurements that have similarities to fair value but are not fair value such as Net Realisable Value (NRV) for measuring of inventories and value in use for impairment assessment purposes.

This note provides information about how the company determines fair values of various financial assets and financial liabilities.

19.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate fair values.

The fair values of financial assets and financial liabilities are determined as follows;

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes); and

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

19.2 Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those that are derived from inputs of other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19.3 Fair value of company's assets and financial liabilities that are measured at fair value on recurring-basis (but fair value disclosures are required).

The company has investments as part of financial assets and derivatives as financial liabilities that are measured at fair value at the end of each reporting period. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2022

19. Fair value measurements(Continued)

	Carrying amount <u>2022</u> K'000	Fair value <u>2022</u> K'000	Carrying amount <u>2021</u> K'000	Fair value <u>2021</u> K'000
<u>Financial assets classified at amortised cost</u>				
Amount due from related parties	1 820 959	1 820 959	427 064	427 064
Trade receivables	<u>2 046 522</u>	<u>2 046 522</u>	<u>811 227</u>	<u>811 227</u>
	<u>3 867 481</u>	<u>3 867 481</u>	<u>1 238 291</u>	<u>1 238 291</u>
<u>Financial liabilities classified at amortised cost</u>				
Amounts due to related parties	1 873 756	1 873 756	1 576 175	1 576 175
Trade and other payables	<u>7 408 188</u>	<u>7 408 188</u>	<u>4 029 758</u>	<u>4 029 758</u>
	<u>9 281 944</u>	<u>9 281 944</u>	<u>5 605 933</u>	<u>5 605 933</u>

20. Capital risk management

Capital includes equity attributable to the equity holders of the company. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

21. Contingent Liabilities

There were no contingent liabilities at the reporting date

22. Economic Factors

The average of the year-end buying and selling rates of the foreign currencies is stated below, together with the increase in the National Consumer Price Index for the year, which represents an official measure of inflation.

The average of the year-end buying and selling rates of the foreign currencies is stated below, together with the increase in the National Consumer Price Index for the year, which represents an official measure of inflation.

	31 December <u>2022</u>	31 December <u>2021</u>
Kwacha/US Dollar	1 034.67	814.50
Inflation	25.8%	11.5%

Subsequent to the year end, on 26 May 2023, the above economic factors had moved as follows:

Kwacha/US Dollar	1 034.78
Inflation (%) April 2023	28.8%

No adjustments arising from the movement of the exchange rates after the reporting period- end have been made in the financial statements.