AIRTEL MOBILE COMMERCE SERVICES LIMITED

FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED

31 DECEMBER 2022

CONTENTS **Page**

DIRECTORS

Cihan Amandine Seuleiman-Morgan
Pier Alfonso Falcione
Daniel Kyama Kivuva

REGISTERED OFFICE

LR 209/11880, 4th Floor Parkside Towers
Mombasa Road
P.O. Box 962 – 00100
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

PRINCIPAL BANKERS

Standard Chartered PLC
P.O. Box 30003 – 00100
Nairobi, Kenya

The directors submit their report together with the audited financial statements for the nine-month period ended 31 December 2022, which discloses the state of affairs of Airtel Mobile Commerce Services Limited, (the "Company").

The Company was incorporated as a limited private company on 24 March 2021 in Kenya, under the Companies Act, 2015 (Reg No. PVT- 9XUGGDXZ) and is domiciled in Kenya.

In order to commensurate with the general practice and regulatory framework, the Company has changed the Financial Year End date from 31 March to 31 December. Therefore, financial statements are presented for the nine-month period ended 31 December 2022.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of providing management support services to group company.

2. RESULTS

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

	01 April, 2022 - 31 December 2022	24 March, 2021 - 31 March 2022
	KSH '000	KSH '000
Loss before tax	2,059	9,319
Tax	(359)	1,339
Loss after tax	**1,700**	**10,658**

3. DIRECTORS

The directors who held office during the year are as listed below:

Name	Nationality	Role	Date of appointment/ resignation
Cihan Amandine Seuleiman-Morgan	French	Director	Appointed on 24th March 2021
Vimal Kumar Ambat	Indian	Director	Resigned on 23rd September 2022 (Appointed on 2nd June 2021)
Pier Alfonso Falcione	British	Director	Appointed on 2nd June 2021
Daniel Kyama Kivuva	Kenyan	Director	Appointed on 24th September 2022

All the 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 three 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

This year we faced currency devaluations against USD and despite that we are overwhelmed with the kind of performance as we have started generating operating profits.
The company is further aiming to be debt free this year and for that would work on the cash generation model so as to repay its borrowings. This would help the company to improve its financial KPIs by savings in interest and taxation expense.
Further, the company is also taking all steps to ensure that we provide high quality management services to our group and for which we have invested in our human resources in last 9 months.

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 have expressed their willingness to 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

sd/-
SCRIBE SERVICES SECRETARIES
Nairobi, Kenya

Date: 10 July 2023

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the financial position of the company as at the end of the financial period and of its profit or loss for that period. 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 the International Financial Reporting Standards 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 judgments that are reasonable in the circumstances.

Having made an assessment of the Company's ability to continue as a going concern in a situation where the company is incurring net losses and have negative net equity position, the management has identified the following positions and action plan to remove uncertainties that may cast doubt on the company's ability to continue as a going concern:

(i) The company as on the reporting date is in a positive net current assets position.
(ii) The company has started generating operating profits even in the situation of decreasing value of Kenya Shillings against US Dollars.
(iii) The company is considering repaying its US denominated borrowings from the realisation of the Revenue receivable during the coming year which will subsequently result in savings of interest expense, foreign exchange loss and Corporate Income tax.

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 10 July 2023 and signed on its behalf by:

sd/-	sd/-	sd/-
Cihan Amandine Seuleiman-Morgan	Pier Alfonso Falcione	Daniel Kyama Kivuva
Director	Director	Director

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
P.O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel: (+254 20) 423 0000
Cell: (+254 20) 0719 039 000
Dropping Zone No. 92
Email: admin@deloitte.co.ke
www.deloitte.com

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MOBILE COMMERCE SERVICES LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Airtel Mobile Commerce Services Limited ("the company"), set out on pages 8 to 22, which comprise the statement of financial position as at 31st December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The directors are responsible for the other information. The other information comprises the Report Directors as required by the Kenya Companies Act, 2015. 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.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenya Companies Act, 2015, 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.

Report on the audit of the Financial Statements (Continued)

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 ISA's 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

Report on Other matters prescribed by the Kenya Companies Act, 2015.

In our opinion, the information given in the Directors Report on pages 3 and 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*.***

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

2023

Airtel Mobile Commerce Services Limited
Statement of Profit or Loss and other Comprehensive Income for the nine-month period ending 31st December 2022
(All amounts are in KSH thousands, unless stated otherwise)

	Notes	For the period 01 April, 2022 - 31 December 2022	For the period 24 March, 2021 - 31 March 2022
Income			
Revenue	4	115,576	62,152
Total income		**115,576**	**62,152**
Expenses			
Employee benefits expense	5	100,580	58,436
Other expenses	6	9,340	11,837
Total expenses		**109,920**	**70,273**
Operating profit/(loss)		**5,655**	**(8,121)**
Finance cost	7	(7,715)	(1,198)
Loss before tax		**(2,059)**	**(9,319)**
Tax expense	8	359	(1,339)
Loss for the period		**(1,700)**	**(10,658)**
Other Comprehensive Income for the period		-	-
Total Comprehensive Loss for the period		**(1,700)**	**(10,658)**

Airtel Mobile Commerce Services Limited
Statement of Financial Position
(All amounts are in KSH thousands, unless stated otherwise)

	Notes	As of 31 December 2022	As of 31 March 2022
ASSETS			
Non current assets			
Deferred tax asset	**8(c)**	6,752	-
Current assets			
Financial Assets			
Cash and cash equivalents	**9**	31,224	124,298
Other financial assets	**10**	182,145	62,152
Non financial Assets			
Other current assets	**11**	9,039	2,270
		229,160	**188,720**
Total assets		**229,160**	**188,720**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	**13**	212,773	184,949
		212,773	**184,949**
Current liabilities			
Financial liabilities			
Other current liabilities	**14**	22,252	12,990
Tax payable	**8(b)**	6,393	1,339
		28,645	**14,329**
Total liabilities		**241,418**	**199,278**
Net assets		**(12,258)**	**(10,558)**
EQUITY AND LIABILITIES			
Share capital	**12**	100	100
Other Equity		(12,358)	(10,658)
Total Equity		**(12,258)**	**(10,558)**

The financial statements on pages 8 to 22 were approved and authorized for issue by the Board of directors on 10 July 2023 and signed on its behalf by:

sd/-	sd/-	sd/-
Cihan Amandine Seuleiman-Morgan	Pier Alfonso Falcione	Daniel Kyama Kivuva
Director	Director	Director

Airtel Mobile Commerce Services Limited
Statement of Changes in Equity for the nine-month period ended 31 December 2022
(All amounts are in KSH thousands, unless stated otherwise)

	Share Capital		Accumulated losses	Equity attributable to owners of the company
	No of shares	Amount		
At incorporation 24 March 2021	-	-	-	-
Issue of equity shares	1,000	100	-	100
Loss for the year	-	-	(10,658)	(10,658)
As of 31 March 2022	**1,000**	**100**	**(10,658)**	**(10,558)**
Opening Balance as at 1st April 2022	1,000	100	(10,658)	(10,558)
Loss for the year	-	-	(1,700)	(1,700)
As of 31 December 2022	**1,000**	**100**	**(12,358)**	**(12,258)**

Airtel Mobile Commerce Services Limited
Statement of Cash Flows for the nine-month period ended 31 December 2022
(All amounts are in KSH thousands, unless stated otherwise)

Particulars	Note	01 April, 2022 - 31 December 2022	24 March, 2021 - 31 March 2022
Cash flows from operating activities			
Loss before tax		**(2,059)**	**(9,319)**
Adjustments for non cash items			
Interest Cost	**7**	7,715	1,198
Exchange fluctuation loss	**6**	5,549	2,479
Operating cash flow before changes in working capital		**11,204**	**(5,642)**
Changes in working capital			
Increase in other current assets	**10 & 11**	(122,346)	(64,422)
Increase in other current liabilities	**14**	8,177	12,928
Net cash from operations before tax		**(102,965)**	**(57,136)**
Income tax	**8**	(1,339)	-
Net cash used in operating activities (a)		**(104,304)**	**(57,136)**
Cash flows from financing activities			
Loan received	**15**	7,229	180,365
Withholding tax payment on interest expense on behalf of Lender		-	(118)
Proceeds for issue of share capital	**12**	-	100
Net cash generated from financing activities (b)		**7,229**	**180,347**
Net (decrease)/increase in cash and cash equivalents during the period (a+b)		**(97,074)**	**123,211**
Exchange fluctuation gain on USD bank Account		4,000	1,087
Add : Cash and cash equivalents as at the beginning of the period		124,298	-
Cash and cash equivalents as at the end of the period	**9**	**31,224**	**124,298**

1. Corporate information

1.1 Activities

The activities of the Company are that of providing services to group companies. The Company has its registered office at Land Reference No 209/11880, Parkside Towers,4th Floor, Mombasa Road, Nairobi, Kenya.

1.2 Group structure

The Company forms part of the Airtel Africa Group of companies.
Immediate parent company is Airtel Mobile Commerce B.V and the step-up parent companies are:

- Bharti Airtel Limited, India
- Airtel Africa plc, United Kingdom

2. Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the 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 preparation

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 except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

b) Foreign currency transactions

The financial statements are presented in Kenya Shillings which is the company's functional currency.

c) 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).

d) Financial Instruments

➢ **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 amortised 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 Company currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

f) 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.

g) 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.

h) Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised 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 recognised accordingly.

3. Application of new and revised International Financial Reporting Standards

3.1 New and revised Standards and Interpretations applied with no material effect on the financial statements

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

- Amendments to IAS 37 in relation to 'Onerous contracts- cost of fulfilling contracts'
- Amendments to IAS 16 in relation to 'Proceeds before intended use of Property, Plant and Equipment

3. Application of new and revised International Financial Reporting Standards (continued)

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 effective for annual periods beginning on or after 1 January 2023. The Company's financial statements will be presented in accordance with these requirements, which are being evaluated but are not expected to have a material impact on the results, financial position or cash flows of the Company. These pronouncements have been issued by IASB, but are not yet effective

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 in relation to disclosure of accounting policies
- Amendments to IAS 8 in relation to accounting estimates
- Amendments to IAS 12 in relation to 'deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IFRS 16 in relation to disclosure of accounting policies

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

3.3 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. However, there are no critical accounting estimates and judgements that would affect the reported amounts of asset and liabilities.

4. Revenue

	For the period 01 April, 2022 - 31 December 2022	For the period 24 March, 2021 - 31 March 2022
Management fees	115,576	62,152
	115,576	**62,152**

5. Employee benefits expense

	For the period 01 April, 2022 - 31 December 2022	For the period 24 March, 2021 - 31 March 2022
Salaries and bonuses	93,464	54,051
Social security contribution	4,694	3,848
Employee insurance	1,919	277
Others	503	260
	100,580	**58,436**

6. Other expenses

	For the period 01 April, 2022 - 31 December 2022	For the period 24 March, 2021 - 31 March 2022
Sales & marketing expense	-	8,889
Statutory audit fees	400	400
Bank charges	94	69
Exchange fluctuation loss	5,549	2,479
Legal and Professional Expenses	822	-
Travelling and Conveyance	2,415	-
Interest and Penalty on Income Tax	60	-
	9,340	**11,837**

7. Finance costs

	For the period 01 April, 2022 - 31 December 2022	For the period 24 March, 2021 - 31 March 2022
Interest on borrowing	7,715	1,198
	7,715	**1,198**

8 (a). Tax expense

		For the period 01 April, 2022 - 31 December 2022	For the period 24 March, 2021 - 31 March 2022
Current Tax		6,393	1,339
Deferred tax		(6,752)	-
Tax Expense for the period		(359)	1,339
Reconcilliation			
Accounting Loss		(2,059)	(9,319)
Tax at	30%	(617)	(2,796)
Tax effect of:			
Expenses not deductible		3,144	1,249
Deferred tax asset recognised for first time		(2,886)	2,886
Tax Expense for the period		(359)	1,339

8 (b). Tax payable

	As of 31st December 2022	As of 31st March 2022
Opening Tax payable	1,339	-
Tax charge	6,393	1,339
Tax paid	(1,339)	-
Closing Tax payable	6,393	1,339

8 (c). Deferred Tax

Deferred income tax is calculated using the enacted tax rate of 30% (Mar'22: 30%). The movement on the deferred income tax account is as follows:

	As of 31 December 2022	As of 31st March 2022
At start of year	2,886	-
Credit to profit or loss	3,867	2,886
Unrecognized deferred tax asset	-	2,886
At end of year	6,752	-

The net unrecognised deferred income tax asset and deferred income tax credit to profit or loss are attributable to the following items after multiplying by the tax rate of 30%:

	1.4.2022	Movement	31.12.2022
Year ended 31 December 2022			
General provisions	(9,618)	(7,340)	(16,959)
Deferred realised forex	-	(5,549)	(5,549)
Total timing differences	**(9,618)**	**(12,889)**	**(22,507)**
Deferred income tax assets not recognized	9,618	12,889	-
Total timing differences recognised	**-**	**-**	**(22,507)**

9. Cash and cash equivalents

	As of 31 December 2022	As of 31st March 2022
Cash at bank	31,224	124,298
	31,224	**124,298**

10. Other financial assets

	As of 31 December 2022	As of 31st March 2022
Unbilled revenue receivable	-	62,152
Revenue Receivable	182,145	-
	182,145	**62,152**

11. Other current assets

	As of 31 December 2022	As of 31st March 2022
Prepaid expenses	-	848
VAT recoverable	1,550	1,422
Receivable from Group Company	7,489	-
	9,039	**2,270**

12. Shareholder's equity

	As of 31 December 2022	As of 31st March 2022
Authorised share capital		
1,000 Ordinary shares of KES 100 each	100	100
Issued and paid-up share capital		
1,000 Ordinary shares of KES 100 each	100	100
	100	100

a) Terms/rights attached to equity shares
The Company has only one class of equity shares having par value of KES 100 per share. Each holder of ordinary shares is entitled to one vote per share.

b) Details of shareholding

		As of 31 December 2022	As of 31st March 2022
	No of shares	**Shareholding**	**Shareholding**
Equity Share of KES 100 each fully paid up			
Airtel Mobile Commerce B.V.	1,000	100%	100%

(ii) Other equity
Retained earnings: Retained earnings represents the amount of accumulated earning of the company. The company incurred a loss during the period hence presented as accumulated losses.

13. Borrowings

	As of 31 December 2022	As of 31st March 2022
Loan from group company		
Opening	184,949	-
Loan raised	7,229	180,365
Interest accrued (net of Withholding Tax)	6,629	1,018
Repayment made	-	-
Revaluation	13,966	3,566
	212,773	**184,949**

The loan is denominated in US Dollar and the calculated interest as at year end 2022 is based on 3 month libor+ 200 bps and is unsecured. Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31, 2026, unless agreed otherwise between borrower and lender in writing.

14. Other current liabilities

	As of 31 December 2022	As of 31st March 2022
Salary and bonus payable	17,943	10,518
Statutory liabilities	3,287	1,894
Statutory audit accrual	800	400
Other payable	222	178
	22,252	**12,990**

15. Related party disclosure

Related parties and transactions with them in the ordinary course of business are disclosed below:

Entity Name	**Relationship**
Airtel Mobile Commerce B.V.	Immediate parent company

Transaction during the period	**For the period ended 31 December 2022 Airtel Mobile Commerce B.V.**	**For the period ended 31 March 2022 Airtel Mobile Commerce B.V.**
Loan taken	7,229	180,365
Interest expenses on loan (inclusive of Withholding Tax)	7,715	1,198
Management Fee	115,576	-
Total	130,519	181,563

Balance at the end of the period	**As of 31 December 2022 Airtel Mobile Commerce B.V.**	**As of 31 March 2022 Airtel Mobile Commerce B.V.**
Loan payable	209,666	183,920
Interest payable	3,107	1,029
Revenue Receivable	(182,145)	-
Total Payable	30,628	184,949

Entity Name	**Relationship**
Bharti Airtel (International) Netherlands B.V	Intermediate parent company

Transaction during the period	**For the period ended 31 December 2022 Bharti Airtel (International) Netherlands B.V.**	**For the period ended 31 March 2022 Bharti Airtel (International) Netherlands B.V.**
Payment made on behalf of Related Party	7,489	-
Total	7,489	-

Balance at the end of the period	**As of 31 December 2022 Bharti Airtel (International) Netherlands B.V.**	**As of 31 March 2022 Bharti Airtel (International) Netherlands B.V.**
Receivable from Related Party	7,489	-
Total Receivable	7,489	-

16. Financial Risk Management Objectives and Policies

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

The directors have overall responsibility for the establishment and oversight of the company's risk management framework. 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

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.

i. Foreign Exchange Risk

Foreign exchange risk arises from future investment transactions on recognized assets and liabilities. The company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. All gains or losses on changes in currency exchange rates are accounted for in the statement of comprehensive income.

Asset and Liabilities denominated in foreign currency as on reporting date:

Particulars	**31 December 2022 (USD)**
Liabilities	
Borrowings	212,773
Assets	
Bank Account	21,816
Revenue Receivable	182,145
Net Position (Liabilities)	8,812

At 31 December 2022, if the KShs had weakened/strengthened by 5% against the US dollar with all other variables held constant, post tax loss for the period would have been KShs 441 thousands lower/higher (31 March 2022: KShs 5,714 thousands lower/higher), mainly as a result of US dollar denominated bank balances, receivables and borrowings. There would be no impact on equity.

ii. Interest Rate Risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The company's only variable interest bearing financial liabilities are its external borrowings of USD 1,724 thousands which are set at variable rates, and it is therefore exposed to cash flow interest rate risk. At 31 December 2022, an increase/decrease of 100 basis points would have resulted in a decrease/increase in pre-tax profit of KShs 1,342 thousands (31 March 2022: KShs 5,341 thousands).

iii. Credit Risk

Credit risk arises from cash and deposits with banks and financial institutions. 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.

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:

31 December 2022	**Gross carrying amount**	**Loss allowance**	**Net amount**
Cash and cash equivalent	31,224	-	31,224
Other financial asset	182,145	-	182,145
	213,369	**-**	**213,369**

31 March 2022	**Gross carrying amount**	**Loss allowance**	**Net amount**
Cash and cash equivalent	124,298	-	124,298
Other financial asset	62,152	-	62,152
	186,450	**-**	**186,450**

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. The current liquid assets have been recognized as the principal amount receivable from the Banks excluding any interest.

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:

31 December 2022	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
Liabilities				
Borrowings	-	-	212,773	212,773
Other financial liabilities	22,252	-	-	22,252
Total financial liabilities	**22,252**	**-**	**212,773**	**235,025**

31 March 2022	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
Liabilities				
Borrowings	-	-	184,949	184,949
Other financial liabilities	12,990	-	-	12,990
Total financial liabilities	**12,990**	**-**	**184,949**	**197,939**

Capital Risk Management

Capital includes equity attributable to the equity holders of the company. The company manages its capital structure and makes adjustments to 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.

17. 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.

31 December 2022

	Carrying amount	**Fair Value**
Financial Assets		
Cash and cash equivalent	31,224	31,224
Other financial asset	182,145	182,145
	213,369	**213,369**
Financial liabilities		
Borrowings	212,773	212,773
Other financial liabilities	22,252	22,252
	235,025	**235,025**

31 March 2022

	Carrying amount	**Fair Value**
Financial Assets		
Cash and cash equivalent	124,298	124,298
Other financial asset	62,152	62,152
	186,450	**186,450**
Financial liabilities		
Borrowings	184,949	184,949
Other financial liabilities	12,990	12,990
	197,939	**197,939**

18. Going Concern Assessment

Having made an assessment of the Company's ability to continue as a going concern in a situation where the company is incurring net losses and have negative net equity position, the management has identified the following positions and action plan to remove uncertainties that may cast doubt on the company's ability to continue as a going concern:

(i) The company as on the reporting date is in a positive net current assets position.
(ii) The company has started generating operating profits even in the situation of decreasing value of Kenya Shillings against US Dollars.

The company is considering repaying its US denominated borrowings from the realisation of the Revenue receivable during the coming year which will subsequently result in savings of interest expense, foreign exchange loss and Corporate Income tax.

19. Operations

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

20. Commitments and Contingencies

i. Capital commitments

There were no capital commitments entered into by the company as at the reporting date.

ii. Legal claims

There were no known legal cases against the company as at the reporting date.

21. Incorporation

The company is incorporated and domiciled in Kenya under the Kenyan Companies Act. The parent company is Airtel Mobile Commerce B.V. which is incorporated in Netherlands.

22. 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.