AIRTEL MOBILE COMMERCE UGANDA LIMITED

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2022

AIRTEL MOBILE COMMERCE UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Contents

COMPANY INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Airtel Mobile Commerce Uganda Limited Plot 16A Clement Hill Road P O Box 6771 Kampala, Uganda
COMPANY SECRETARY	Claire Nagimesi Plot 16A Clement Hill Road P O Box 6771 Kampala, Uganda
COMPANY SOLICITORS	Nangwala, Rezida & Company Advocates Suite 3B 3rd Floor, Plot 9 Yusuf Lule Road P O Box 10304 Kampala, Uganda
	Lex Uganda Advocates & Solicitors, 1 Colville Street P O Box 22490 Kampala, Uganda
	K & K Advocates Plot 67 Lugogo By-Pass, P O Box 6061 Kampala, Uganda
	Verma Jivram & Associates 3rd Floor, FIL Courts 88 Luthuli Avenue, Bugolobi P O Box 7595 Kampala, Uganda
	Katende, Ssempebwa & Co Advocates, Radiant House Plot 20, Kampala Road P O Box 2344, Kampala, Uganda

COMPANY INFORMATION (CONTINUED)

BANK

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

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

Absa Bank Uganda Limited
Plot 2/4 Hannington Road
P O Box 7101
Kampala, Uganda

Centenary Bank (u) ltd
Plot 44-46 Kampala Road,
Plot 2 Burton Street

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

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

Ecobank Uganda Limited
8A, Kafu Road
P O Box 7368
Kampala, Uganda

DFCU Uganda
Plot 26, Kyadondo Road Nakasero,
P O Box 70
Kampala, Uganda

KCB Bank Uganda. Limited.
Commercial Plaza
Plot 7 Kampala Road.
P.O. Box 7399. Kampala.

AUDITORS

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

DIRECTORS' REPORT

The Directors submit their report and audited financial statements of Airtel Mobile Commerce Uganda limited ("the Company") for the period ended 31 December 2022, which show the state of affairs of the Company.

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

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

FINANCIAL RESULTS

	2022 (12Months) Ushs million	**2021 (7Months) Ushs million**
Profit before taxation	309,288	153,438
Taxation charge	(90,720)	(46,056)
Profit for the year	**218,568**	**107,382**

RESULTS AND DIVIDEND
The profit for the year amounted to Ushs 218,568 million (2021: Ushs 107,382 million). During the year ended 31 December 2022 the directors recommended interim dividends, on 29th March 2022 amounting to Ushs 25,000 million, on 13th May 2022 amounting to Ushs 42,000 million, on 29th July 2022 amounting to 54,000 million, on 7th November amounting to Ushs 57,000 million and on 27th December 2022 amounting to Ushs 41,500 million, totalling to Ushs 219,500 million (2021: 81,000 million) at a rate of Ushs 21,950 per share (refer note 22 of the Financial Statements).

The Directors recommend a final dividend of Ushs 22,750 million i.e. Ushs. 2,275 per share making a total dividend for the year of Ushs 242,250 million.

Subject to the approval of the shareholders at the AGM, the final dividend will be paid on or before 30 June 2023 to the shareholders on the register at the close of business on 31 March 2023. This final dividend is not included as a liability in the financial statements.

RESERVES

The reserves of the Company are set out on page 12 in the Statement of Changes in Equity.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

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

Mr. Japhet Aritho	-	Executive Director (Appointed 1 October 2022)
Hon. Maria Kiwanuka	-	Independent Non-Executive Director (Appointed 14 Feb 2022)
Mr. John Muhaise Bikalemesa	-	Independent Non-Executive Director (Appointed 14 Feb 2022)
Mr. Vimal Kumar Ambat	-	Independent Non-Executive Director (Appointed 2 June 2021)
Mr. Neeraj Jain	-	Non-Executive Director (Appointed 2 June 2021)
Mr. Manoj Murali	-	Executive Director (Resigned 1 October 2022)

Appointment of Directors was approved by Bank of Uganda.
The Directors were in office for the entire period unless otherwise stated.

SHAREHOLDING

The shareholding of the Company as at 31 December 2022 is as follows

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

AUDITORS

Deloitte & Touche, Certified Public Accountant of Uganda, have expressed their willingness to continue in office in accordance with the provisions of Section 167 (2) of the Companies Act, 2012 of the laws of Uganda.

BY ORDER OF THE BOARD

Secretary
30 March 2023

Kampala

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies Act, 2012 of the Laws of Uganda requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the State of Financial Affairs of the Company as at the end of the financial year and of its operating results for that year. The Act also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

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

The Directors accept responsibility for the year's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2012 of Uganda. The Directors are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

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

The Financial Statements were approved by the Board of Directors on 30|3| **2023** and signed on its behalf by:

Mr. Japhet Aritho **Director**	**Hon. Maria Kiwanuka** **Chairperson**

Deloitte.

Deloitte & Touche
Certified Public Accountant of Uganda
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1 Lumumba Avenue
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AIRTEL MOBILE COMMERCE UGANDA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Airtel Mobile Commerce Uganda Limited set out on pages 10 to 39, which comprise the statement of financial position as at 31 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Airtel Mobile Commerce Uganda Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended and are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of the laws of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other information

The Directors are responsible for the other information, which comprises the information included in the Directors' report and statement of directors' responsibilities as required by the Companies Act, 2012 of the laws of Uganda. 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 Companies Act, 2012 of the laws of Uganda and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

Report on other legal requirements

As required by the Companies Act, 2012 of the laws of Uganda, we report to you based on our audit, that:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) in our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and

(iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account

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

Deloitte & Touche

Certified Public Accountant of Uganda

30 March 2023

Kampala

Paul Ssali
Associate Director

AIRTEL MOBILE COMMERCE UGANDA LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Dec-22 12 Months Ush Millions	Dec-21 7 Months Ush Millions
Income			
Revenue	6	631,453	312,400
Other income	6 (a)	145	-
		631,598	**312,400**
Expenses			
Sales & Marketing Expense	7 (a)	(272,709)	(133,268)
Administrative & General Expenses	7 (c)	(29,113)	(12,415)
Employee benefits expense	7 (b)	(13,016)	(4,919)
Licence & Regulatory Fees	7 (e)	(17)	(83)
Other Expenses	7 (d)	(373)	-
Depreciation and amortisation	8	(8,270)	(7,550)
Impairment loss	14	186	(409)
		(323,312)	**(158,644)**
Operating profit		**308,286**	**153,756**
Finance income	9 (a)	2,768	805
Finance costs	9 (b)	(1,766)	(1,123)
Profit before tax		**309,288**	**153,438**
Tax expense	10 (a)	(90,720)	(46,056)
Profit for the year		**218,568**	**107,382**

AIRTEL MOBILE COMMERCE UGANDA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 12 Months Ushs million	31 Dec 2021 7 Months Ushs million
Assets			
Non-current assets			
Property plant and equipment	11	13,744	11,009
Capital work-in-progress	11	1,403	1,315
Intangible assets	12	2,733	1,053
Deferred tax asset (non - current)	10 (d)	3,554	680
		21,434	**14,057**
Current assets			
Trade and other receivables	14	33,252	31,171
Cash and cash equivalents	17	30,989	28,286
Prepayments and other current assets	15	427	162
		64,668	**59,619**
Total assets		**86,102**	**73,676**
Equity and Liabilities			
Equity			
Issued capital	18	10,000	10,000
Retained earnings		25,450	26,382
Total equity		**35,450**	**36,382**
Current liabilities			
Income tax liabilities	10 (c)	8,669	3,450
Trade & other payables	19	41,983	33,844
		50,652	**37,294**
Total Equity & Liabilities		**86,102**	**73,676**

The financial statements on pages 10 to 39 were approved for issue by the Board of Directors on 30/3/2023 and signed on its behalf by:

Mr. Japhet Aritho
Director

Hon. Maria Kiwanuka
Chairperson

AIRTEL MOBILE COMMERCE UGANDA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital Ushs million	Retained earnings Ushs million	Total equity Ushs million
As of 1 January 2021	2	-	2
Issued during the year	9,998	-	9,998
Profit for the year	-	107,382	107,382
Dividends	-	(81,000)	(81,000)
As of 31 Dec 2021	**10,000**	**26,382**	**36,382**
As of 1 Jan 2022	10,000	**26,382**	**36,382**
Profit for the year	-	218,568	**218,568**
Dividends – Ref to Note 22	-	(219,500)	**(219,500)**
As of 31 Dec 2022	**10,000**	**25,450**	**35,450**

AIRTEL MOBILE COMMERCE UGANDA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 12 Months Ushs million	2021 7 Months Ushs million
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		309,288	153,438
Adjustments for:			
Depreciation & amortisation	8	8,270	7,550
Finance income	9(a)	(1,318)	(805)
Unrealised foreign exchange gains	9(b)	58	1,085
Operating cash flow before changes in working capital		316,298	161,268
Changes in working capital;			
Increase in trade and other payables	19	8,139	31,173
Increase in trade and other receivables	14	(2,081)	(31,171)
Decrease in mobile money trust	13	-	(401,822)
Increases in prepayments and current assets	15	(265)	(162)
Cash generated from operations before tax		322,091	(240,714)
Income tax paid	10(c)	(88,433)	(43,286)
Net cash generated from/(used in) operating activities		**233,658**	**(284,000)**
CASH FLOWS FROM INVESTING ACTIVITES			
Purchase of property, plant and equipment	11	(8,341)	(19,342)
Purchase of intangible assets	12	(4,432)	-
Interest Received on deposits	9(a)	1,318	805
Net cash used in investing activities		**(11,455)**	**(18,537)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares	18	-	9,998
Dividends Paid	22	(219,500)	(81,000)
Net cash used in financing activities		**(219,500)**	**(71,002)**
Increase/(Decrease) in cash and cash equivalents		2,703	(373,539)
Cash and cash equivalents at 1 January	17	28,286	401,825
Cash and cash equivalents at 31 December	17	**30,989**	**28,286**

1 CORPORATE INFORMATION

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

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)

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

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Financial Statements.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of statement of profit or loss and other comprehensive income, the Financial Statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income include(s) such proceeds and cost.
The change did not have a material impact on the Company's financial statements.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. 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 consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and 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).

The change did not have a material impact on the Company's financial statements.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (Continued)

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

Annual Improvements to IFRS Accounting Standards - 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year.
The change did not have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess 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.

The change did not have a material impact on the Company's financial statements.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.

The change did not have a material impact on the Company's financial statements.

2.2 New and revised Standards in issue but not yet effective

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

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The Financial Statements of Airtel Mobile Commerce Uganda Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2012 of the Laws of Uganda. The Financial Statements are presented in Uganda Shillings and all values are rounded to the nearest million.

For purposes of reporting under the Companies Act, 2012 of the Laws of Uganda, the Balance Sheet in these Financial Statements is represented by the Statement of Financial Position and the Profit and Loss account is represented by the Statement of Profit or Loss and Other Comprehensive Income.

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

(b) Basis of measurement

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

Fair value measurement

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Revenue recognition

Revenue is recognised when the customer is charged upfront for P2P (person to person off net) transactions; cash out (withdrawal) transactions, wallet to bank transactions, collections of funds for customers purchasing goods and services using Airtel Money and commissions on sale of airtime and business revenue arising from bulk payment transactions. Such commissions are recognised as revenue at a point in time on fulfilment of these services by the Company. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Uganda Shillings which has been determined to be the entity's functional currency.

(ii) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the foreign exchange rate ruling at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The estimated useful lives, residual values and depreciation method are reviewed at each year end. The effect of any changes in estimate is accounted for on a prospective basis.
The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of comprehensive income.

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

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

(f) Intangible assets

Licences

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

Licenses are initially measured at cost and subsequently amortised on a straight-line basis over their useful lives. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation periods are reviewed annually and adjusted prospectively as required. Gains or losses arising from de-recognition of licenses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Licenses are amortised over a period of 1 to 10 years.

(g) 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). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are integral part of the

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents (Continued)

Company's cash management and balance held under mobile money trust are included as a shown separately from the component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(h) Provisions

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

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

(i) Employee benefits

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

Other long-term employee benefits
The employees of the Company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income tax

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

(i) Current tax

The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The payment made in excess/ (shortfall)of the income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

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

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

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

(ii) Deferred tax

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled.
Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of future taxable profits.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments

Recognition, classification and presentation

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.
The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

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

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

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

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

Measurement – Non-derivative financial instruments

(i) Initial measurement
All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the

(i) Initial measurement (continued)

acquisition of the financial asset. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Other transaction costs are expensed as incurred in the Statement of Comprehensive Income.

(ii) Subsequent measurement – financial assets

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(ii) Subsequent measurement – financial assets

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

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

Impairment
The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used.
However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iii) Subsequent measurement – financial liabilities

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

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

(iv) Derecognition

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial assets

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

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

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

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

(m) Statement of cash flow

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

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

(o) Comparatives

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

(p) Current versus non-current classification

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current versus non-current classification

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the Company's normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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

(r) Contingencies

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

(s) Dividends

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

(t) Operator License with Central bank of Uganda

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

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Key sources of estimation uncertainty

Income taxes

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

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) Key sources of estimation uncertainty

Income taxes

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

Property, plant and equipment

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

Intangible assets

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

4.1 Significant transactions/new developments

(a) National Payment System for Mobile services

On 4th September, 2020, a new law, the National Payment Systems Act, 2020 was enacted to regulate Payment Systems and Services (including Mobile (Electronic) Money Services). The Act replaces the Mobile Money Guidelines, 2013. The Act regulates operators of payment systems, payments service providers, issuers of payment instruments and issuers of electronic money. All these will now require licences issued by the Bank of Uganda (BoU) with the exception of payment systems operated by the BoU. The Act has a transitional provision that requires holders of existing licences issued by the BoU to operate a system to apply for a licence in accordance with the Act within 12 months of its commencement.

As a result, AMCUL is duly licensed to provide Mobile Commerce Services in Uganda ("Airtel Money Services) based on National Payment System (NPS) regulation and guidelines which were issued Bank of Uganda and Mobile commercial was distinct from Airtel Uganda Limited 1st Jun 2021

Airtel Money Trust Fund was approved as a separate entity by Notice of Corporate Personality solely for the purpose of managing the Trust accounts and airtel money customer funds pursuant to the provisions of the National Payment Systems Act, 2020 and the National Payment Systems Regulations, 2021. The funds are held in different (6) commercial banks on Trust Accounts.

The Board of Trustees is also responsible for providing safeguard measures to protect the funds from risks that may occasion loss to the beneficiaries. This includes ensuring that there are sufficient and adequate internal controls, comprehensive policies and procedures and observance of sound corporate governance principles to achieve compliance.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

6 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Market risk

(i) Foreign exchange risk

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

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

Foreign Currency Exposure

	2022 12 Months Ushs millions	2021 7 Months Ushs millions
Assets		
Cash & cash equivalents	2,294	2,905
Trade and other receivables	1,481	1,515
Total assets	**3,775**	**4,420**
Liabilities		
Trade and other payables	125	22
Net USD exposure	**3,650**	**4,398**

At 31 December 2022, if the Uganda Shilling had weakened/strengthened by 5% to 3,906/3,564 against the US Dollar with all other variables held constant, as opposed to actual as at year end of 3,720), pre-tax profit for the year would have been as follows.

	Increase/ decrease in the value of Ushs vs. USD	Effect on profit before tax Ushs millions	Effect on Profit after tax and equity Ushs millions
Net effect based on the year end as at 31 December 2022	+5%	(182.5)	(127.75)
	-5%	182.5	127.75

	Increase/ decrease in the value of Ushs vs. USD	Effect on profit before tax Ushs millions	Effect on Profit after tax and equity Ushs millions
Net effect based on the year end as at 31 December 2021	+5%	(219.9)	(153.93)
	-5%	219.9	153.93

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

	2022	2021
Average Rate	3,688.02	3,555.01
Closing Rate	3,720.00	3,542.00

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Market risk (Continued)

(ii) Price risk (Continued)

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

(iii) Cash flow and interest rate risk

The Company's exposure to market risk for changes in interest rate relates primarily to the Company's debt obligations. The Company's policy is to manage its interest cost using negotiated variable rates resulting in cash flow and interest rate risk. The Company does not have any exposure to market risk for changes in interest rate since there are no borrowings in the current year.

(b) Credit risk

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

As independent credit ratings of customers is not available. The credit control function assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual credit limits are set based on internal or external factors including a percentage of the security deposit made or in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Barring and denial of services is enforced for those customers that have not paid within the required time.

The Company uses an age-based provision policy to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer to Note 14 for details on the impairment of trade receivables.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2022 is made up as follows:

	2022 12 Months Ushs million	2021 7 Months Ushs million
Trade debtors	6,867	1,385
Amounts due from related parties	26,385	30,195
	33,252	**31,580**
Bank balances	16,905	16,386
	50,157	**47,966**

	Not Past Due Less than 30 days Ushs millions	30 to 60 days Ushs millions	Past Due 60 to 90 days Ushs millions	Above 90 days Ushs millions	Total Ushs millions	Impairment Ushs millions	Net Ushs millions
31 December 2022	14,454	17,950	124	724	33,252	-	**33,252**
31 December 2021	30,642	-	-	938	31,580	409	**31,171**

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

All trade receivables past their due date by more than 90 days are 100% provided for while all other receivables are carried at estimated recoverable value.

Other financial instruments and cash deposits

The treasury, in accordance with the Board approved policy, maintains its cash and cash equivalents and deposits and enters into derivative financial instruments – with banks, financial and other institutions, having good reputation and past track record, and high/sovereign credit rating. Similarly, counterparties of the Company's other receivables carry either negligible or very minimal credit risk. Further, the Company reviews the credit-worthiness of the counterparties (on the basis of its ratings, credit spreads and financial strength) on an ongoing basis, and if required, takes necessary mitigation measures.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.
Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyses the Company's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

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

At 31 December 2022	**<1 year Ushs millions**	**1-2 years Ushs millions**	**>2 years Ushs millions**	**Total Ushs millions**
Financial assets				
Trade and other receivables	33,252	-	-	33,252
Cash and Cash equivalents	30,989	-	-	30,989
	64,241	-	-	64,241
Financial liabilities				
Trade payables and other payables	41,983	-	-	41,983
Net liquidity gap	**22,258**	**-**	**-**	**22,258**
At 31 December 2021				
Total financial assets	59,457	-	-	59,457
Total financial liabilities	33,844	-	-	33,844
Net liquidity gap	**25,613**	**-**	**-**	**25,613**

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

During the year ended 31 December 2022, the Company earned a net profit of 218,568 million (2021: Ushs 107,382 million). As at that date, the Company was in a net current liability position of UGX 41,983 Mn (2021: UGX 33,844 Mn) as indicated above. The company earns its revenues from charging customers upfront for person-to-person transaction, bill payments, wallet to bank and international money transfer and as such its able to generate sufficient operating cashflows to meet all its obligations as they fall due. The net operating cash inflow for the year ended 31 December 2022 was UGX 316,298 million (2021: UGX 161,268 million). The operating cashflows as at 31 December 2022 provide sufficient liquidity to the Company to meet all obligations as they fall due.

		2022 12 Months Ushs million	2021 7 Months Ushs million
6	**REVENUE**		
	Cash out Revenue	307,969	150,296
	Recharge Revenue	112,409	64,256
	Money transfer revenue	94,962	47,019
	Bill payment Revenue	85,182	37,822
	Others	30,931	13,007
	Total	**631,453**	**312,400**
7(a)	**Other Income**		
	Grant	145	-
	Total	**145**	**-**
7 (b)	**SALES AND MARKETING**		
	Sales and distribution Expense	267,458	128,930
	Marketing Expense	5,251	4,338
		272,709	**133,268**
7 (c)	**EMPLOYEE COSTS**		
	Salaries	11,694	4,594
	Defined Contribution plan	907	325
	Staff welfare expenses	322	-
	Others	93	-
		13,016	**4,919**

			2022 12 Months Ushs million	2021 7 Months Ushs million
7 (d)	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Legal & professional fees		11,767	5,258
	Rates and taxes		3,874	1,421
	IT expenses		6,806	3,451
	Audit fees		200	157
	Others		6,466	2,128
			29,113	**12,415**
7 (e)	**OTHER EXPENSES**			
	Directors' fees		227	-
	Board Sitting allowance		146	-
			373	**-**
7 (f)	**LICENCE & REGULATORY FEES**			
	Licence & Regulatory Fees		17	83
8	**DEPRECIATION and AMORTIZATION**			
	Depreciation of property, plant and equipment	11	4,108	2,073
	Amortisation of intangible assets	12	4,162	5,477
			8,270	**7,550**
9	**FINANCE INCOME /COSTS**			
	(a) Finance income			
	Interest income on deposits		1,318	805
	Realised Exchange Fluctuation Gain		1,450	-
			2,768	**805**

9 FINANCE INCOME /COSTS (CONTINUED)

	2022 12 Months Ushs million	2021 7 Months Ushs million
(b) Finance costs		
Realised Exchange Fluctuation Loss	1,625	-
Unrealised Exchange Fluctuation Loss	58	1,085
Other finance charges	83	38
	1,766	**1,123**

10 TAXATION

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

Current tax expense	93,856	46,736
Deferred tax expense	(2,874)	(680)
Tax adjustment in relation to prior years	(262)	-
	90,720	**46,056**

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

	2022 12 Months Ushs million	2021 7 Months Ushs million
Profit before tax	309,288	153,438
Enacted tax rates in Uganda	30%	30%
Tax expense at 30%	92,786	46,031
Effect of:		
Adjustments in respect to previous year	(2,068)	-
Tax allowable deductible expenses (net)	2	25
Income tax expense	**90,720**	**46,056**

(c) Income tax liabilities
Income tax liabilities of Ushs (8,669) million (2021: (3,450))

Opening balance	(3,450)	-
Current tax expense	(93,856)	(46,736)
Advance tax paid	88,433	43,286
Adjustments for Prior Period on withholding tax recoverable	(58)	-
Tax adjustment in relation to prior year	262	-
Closing Balance	**(8,669)**	**(3,450)**

10 TAXATION (CONTINUED)

(d) Deferred Tax Asset

The Company has a net deferred tax asset of Ushs 3,554 million (2021: 680 million) arising from accelerated tax depreciation and other temporary differences.

	At 1 January 2022 Ushs million	Movement for the year Ushs million	At 31 December 2022 Ushs million
Accelerated tax depreciation	375	1,057	1,432
Temporary differences	305	1,817	2,122
Net deferred tax Asset	**680**	**2,874**	**3,554**

	At 1 January 2021 Ushs million	Movement for the year Ushs million	At 31 December 2021 Ushs million
Accelerated tax depreciation	-	375	375
Temporary differences	-	305	305
Net deferred tax Asset	**-**	**680**	**680**

(e) Income tax paid

	2022 12 Months Ushs million	2021 7 Months Ushs million
Withholding Tax paid	11,393	4,519
Advance Tax Paid for 2022	73,819	38,767
Final Tax for 2021	3,221	-
Income Tax paid	**88,433**	**43,286**

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment & furniture Ushs million	Buildings and Lease hold Improvements	Computers Ushs million	Total Ushs million	Capital work in progress Ushs million
At 1 January 2022	12,417		42,208	54,625	1,315
Additions	-	-	-	-	8,341
Transfers from CWIP	6,692	266	1,295	8,253	(8,253)
At 31 December 2022	**19,109**	**266**	**43,503**	**62,878**	**1,403**
ACCUMULATED DEPRECIATION					
At 1 January 2022	2,993		40,623	43,616	-
Transferred from Note 11	-		1,460	1,460	-
Reclassification	69		(119)	(50)	
Charge for the year	3,779	37	292	4,108	-
At 31 December 2022	**6,841**	**37**	**42,256**	**49,134**	**-**
NET CARRYING AMOUNT					
At 31 December 2022	**12,268**	**229**	**1,247**	**13,744**	**1,403**
At 1 January 2021	-		-	-	-
Transfer from Airtel Uganda	12,417		41,781	54,198	1,315
Additions	-		427	427	-
At 31 December 2021	**12,417**		**42,208**	**54,625**	**1,315**
ACCUMULATED DEPRECIATION					
At 1 January 2021	-		-	-	-
Transfer from Airtel Uganda	1,110		40,433	41,543	-
Charge for the year	1,883		190	2,073	-
At 31 December 2021	**2,993**		**40,623**	**43,616**	**-**
NET CARRYING AMOUNT					
At 31 December 2021	**9,424**		**1,585**	**11,009**	**1,315**

*Note : Software licenses that were included under computers and amortised commencing from the date when the related rights to use was available for intended use have been transferred to Intangible Assets and disclosed separately. The useful lives range from 1 year to 10 years.

12 INTANGIBLE ASSETS

	License Ushs million	Total Ushs million
At 1 January 2022	18,915	**18,915**
Additions	4,432	4,432
At 31 December 2022	**23,347**	**23,347**
ACCUMULATED DEPRECIATION		
At 1 January 2022	17,862	17,862
Transferred to Note 11	(1,460)	**(1,460)**
Charge for the year	4,162	**4,162**
At 31 December 2022	**20,614**	**20,614**
NET CARRYING AMOUNT		
At 31 December 2022	**2,733**	**2,733**

	License Ushs million	Total Ushs million
At 1 January 2021		
Additions	18,915	**18,915**
At 31 December 2021	**18,915**	**18,915**
ACCUMULATED DEPRECIATION		
At 1 January 2022	-	-
Transferred from Note 11	12,385	**12,385**
Charge for the year	5,477	**5,477**
At 31 December 2021	**17,862**	**17,862**
NET CARRYING AMOUNT		
At 31 December 2021	**1,053**	**1,053**

**Note : In 2021 Software licenses were included under computers and amortised commencing from the date when the related rights to use was available for intended use. The useful lives range from 1 year to 10 years. In the current year Licenses have been transferred from Computers and disclosed separately.
The Licence issued by the Central Bank of Uganda has been booked under prepayment and amortized for 12 months since that payment is done on annual basis.

13. BALANCE HELD UNDER MOBILE MONEY TRUST

In accordance with Bank of Uganda regulation, annual financial statement of the company for the year ending 31 December 2021 and going forward, shall be prepared for the purposes of the provision of mobile commerce operational activities. During the year the company has obtained license from Bank of Uganda under National Payment Systems Act, 2020 whereby Airtel Money Trust Fund is deemed to be incorporated as a body corporate by virtue of section 49 (5). Of National Payment Systems Act, 2020 and Regulation 13 (3) of the National Payment Systems Regulations, 2021, and is domiciled in Uganda. The Trust was officially incorporated on 13th April 2021 and commenced operation on 17 May 2021.

Based on above the balance held under mobile money trust was transferred to Airtel Money Trust Fund. As per regulations, The Board of Trustees is responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

14 TRADE AND OTHER RECEIVABLES

	2022 12 Months Ushs million	2021 7 Months Ushs million
Trade receivables	974	1,385
Claims receivable	5,893	-
Amount due from related party (refer Note 16)	26,385	30,195
Gross trade receivables	**33,252**	**31,580**
Provision for impairment	-	(409)
	33,252	**31,171**

Movement in the provision for impairment of trade debtors and other receivables is as follows:

	2022 12 Months Ushs million	2021 7 Months Ushs million
Impairment Provision		
At 1 January	409	-
Additions	-	409
Credit note from vendor	(186)	-
Write off	(223)	-
At 31 December	**-**	**409**

Trade receivables represent amounts due from related party from International Money Transfer business.

15 PREPAYMENTS AND OTHER CURRENT ASSETS

	2022 12 Months Ushs million	2021 7 Months Ushs million
Prepaid expense	427	66
VAT recoverable	-	96
At 31 December	**427**	**162**

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

16 RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of related party	Relationship to Company	2022 12 Months Ushs million	2021 7 Months Ushs million
Purchase of goods and services			
Airtel Uganda Limited	Fellow subsidiary	19,784	24,542
Airtel Mobile Commerce B.V	Intermediate parent entity	5,629	-
Airtel Money Tanzania Limited	Fellow subsidiary	16,830	-
Total		**42,243**	**24,542**
Sale of goods and services			
Airtel Uganda Limited	Fellow subsidiary	**190,804**	**96,816**

Name of related party	Relationship to Company	2022 12 Months Ushs million	2021 7 Months Ushs million
Receivable from related parties			
Airtel Uganda Limited	Fellow subsidiary	24,904	28,679
Airtel Mobile Commerce Limited - Malawi	Fellow subsidiary	656	941
Airtel Mobile Commerce Zambia Limited	Fellow subsidiary	331	377
Airtel Money Tanzania Limited	Fellow subsidiary	476	198
Airtel Networks Kenya Limited	Fellow subsidiary	18	-
Total		**26,385**	**30,195**
Payables to related parties			
Airtel Mobile Commerce Rwanda Limited	Fellow subsidiary	125	22
Airtel Mobile Commerce B.V	Intermediate parent entity	5,629	-
Total		**5,754**	**22**

17. CASH AND CASH EQUIVALENTS

	2022 12 Months Ushs million	2021 7 Months Ushs million
Cash at bank	13,185	16,386
Cash at hand	1,971	1,483
Cash held at wallet	12,113	10,417
Fixed deposit	3,720	-
	30,989	**28,286**

18. SHARE CAPITAL

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

Details are shown below:

	2022 12 Months Ushs million	2021 7 Months Ushs million
a) Authorised share capital:		
10,000,000 ordinary shares of Ushs 1000	**10,000**	**10,000**
b) Ordinary shares issued and fully paid:		
10,000,000 ordinary shares of Ushs 1000 each (9,998,000 shares issued during March 2021 at par)	**10,000**	**10,000**

19. TRADE AND OTHER PAYABLES

	2022 12 Months Ushs million	2021 7 Months Ushs million
Trade payables	13,193	10,949
Statutory due payables	19,393	16,285
Equipment supply payables	1,002	1,585
Other payable	2,641	5,003
Amounts due to related parties refer to Note 16	5,754	22
	41,983	**33,844**

Statutory & other payables include excise duty payable, VAT payable which are not yet due for payment.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILTIES

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

Particulars	Carrying Amount At 31 December 2022	Carrying Amount At 31 December 2021	Fair Value At 31 December 2022	Fair Value At 31 December 2021
Financial assets				
Assets carried at Fair Value				
Cash and cash equivalents	30,989	28,286	30,989	28,286
Trade and other receivables	33,252	31,171	33,252	31,171
Liabilities carried at Fair Value				
Trade & other payables	41,983	33,844	41,983	33,844
Balance held under mobile money trust		-	-	-

21. COMMITMENTS AND CONTINGENCIES

a) Legal proceedings

As at 31 December 2022, there were no legal proceedings pending against the company thus nil recognised or disclosed contingent Liabilities.

b) Tax proceedings

As at 31 December 2022, there were no tax proceedings against the company thus nil liability.

c) Capital commitments

Capital commitments of Ushs 652 million (2021:2,283 million) represent the unexecuted capital contracts as at 31 December 2022. These are contracts between Airtel Mobile Commerce Uganda Limited and its vendors for the provision of Capital expenditure material.

	2022 12 Months Ushs million	2021 7 Months Ushs million
Commitments within one year	**652**	**2,283**

22. DIVIDENDS DECLARED

The profit for the year amounted to Ushs 218,568 million (2021:107,382 million). During the year ended 31 December 2022 the directors recommended interim dividends, on 29th March 2022 amounting to Ushs 25,000 million, on 13th May 2022 amounting to Ushs 42,000 million, on 29th July 2022 amounting to 54,000 million, on 7th November 57,000 million and on 27th December 2022 amounting to Ushs 41,500 million totalling to Ushs 219,500 million (2021: 81,000 million).

22. DIVIDENDS DECLARED (Continued)

	2022 12 Months Ushs million	2021 7 Months Ushs million
At 1 January	-	-
Interim Dividend Declared	219,500	81,000
Dividend Paid	(219,500)	(81,000)
At 31 December	-	-

23. SUBSEQUENT EVENT

There were no material subsequent events for the year ended 31 December 2022. The Directors are not aware of any other matter or circumstances since the financial year end and the date of this report, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Company and the results of its operations.