AIRTEL MOBILE COMMERCE ZAMBIA LIMITED

FINANCIAL STATEMENTS
for the year ended 31 December 2022

AIRTEL MOBILE COMMERCE ZAMBIA LIMITED
(Incorporated in Zambia)

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AIRTEL MOBILE COMMERCE ZAMBIA LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2022

The Directors present their financial statements on the affairs of Airtel Mobile Commerce Zambia Limited ("the Company") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide mobile commerce services through Airtel Money infrastructure and to hold the funds in the Airtel Money infrastructure in trust, for Airtel Money E-value account holders. There have been no significant changes in the Company's business during the year.

SHARE CAPITAL

There were no changes to the authorised and issued share capital during the year.

RESULTS AND DIVIDEND

The Company had a profit after tax of **K1,058,316,978** for the year ended 31 December 2022 (2021: K528,917,620). The Company paid an interim dividend during the year amounting to **K1,094,000,000** (2021: K300,000,000). Further, Directors have proposed a final dividend for the year ended 31 December 2022 of **K300,000,000** (2021: nil).

FINANCIAL STATEMENTS

At the date of this report, the Directors were not aware of any circumstances, which would have rendered the values attributed to the assets and liabilities in the financial statements of the Company misleading.

DIRECTORS

The following director's held office during the year and to the date of this report.

Name	Role	Date of appointment/resignation
Vimal Ambat (Non-ED)	Chairperson	Appointed on 3 June 2021
Apoorva Mehrotra (ED)	Managing Director	Resigned on 1 October 2022
Andrew Chuma (ED)	Managing Director	Appointed on 20 May 2022
Arshad Dudhia (Non-ED)	Board Member	Appointed on 1 November 2022
Mukesh Singla (Non-ED)	Board Member	Appointed on 20 May 2022
Samir Waman (Non-ED)	Board Member	Resigned on 20 May 2022

None of the Directors held any shares in the Company (2021: Nil).

PROPERTY AND EQUIPMENT

During the year, the Company acquired Property and equipment of **K13,410,745** (2021: K63,334,065).

NUMBER OF EMPLOYEES AND RENUMERATION

At the end of the year, the related wages and salaries cost was **K15,096,953** (2021: K8,551,506). The number of employees for each month of the year was as follows.

Month	2022	2021
January	**18**	12
February	**19**	12
March	**17**	16
April	**17**	16
May	**18**	17
June	**19**	16
July	**18**	18
August	**17**	18
September	**19**	18
October	**20**	19
November	**19**	20
December	**17**	19

HEALTH AND SAFETY

The Company has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

COVID-19

The Covid-19 pandemic has had a deep impact on people's lives and livelihoods, as it has everywhere in the world. This crisis is not over despite having received the vaccinations. While mobile money has been essential to people and economies during the pandemic, the Company has continued to focus on national financial inclusion objectives. Regulators have also played a key role in promoting the use of digital financial services by promptly approving transaction and balance limit increases. The Company has seen an increase in the diversified use of mobile money as a means of money transfer and payment for goods and services.

GIFTS AND DONATIONS

The Company did not make any donations or gifts to charitable organisations and events during the financial year (2021: Nil).

AUDITORS

The Company's Auditor, Messrs Deloitte & Touche, have indicated their willingness to continue in office. A resolution proposing their reappointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE

Airtel Mobile Commerce Zambia Limited takes the issue of corporate governance seriously. The Company's focus is to have a sound corporate governance framework that contributes to improved corporate performance and accountability in creating long term shareholder value.

The Board meets at least two times a year and concerns itself with key matters. The responsibilities for implementing the Company's strategy is delegated to management. The Board of Directors continues to provide considerable depth of knowledge and experience to the business.

The Company has put in place a Code of Conduct and Anti-Bribery & Anti-Corruption Policy that sets out the standards on how staff should behave with all stakeholders. An effective monitoring mechanism to support management's objective of enforcing the Code of Conduct and Anti-Bribery & Anti-Corruption has been developed and is being used across the Company.

RELATED PARTY TRANSACTIONS

The Directors confirm full and adequate disclosures of all related party transactions entered during the year with all the related parties and the subsequent year. See details included under Note 23 to the financial statements.

SUBSEQUENT EVENTS

There are no material facts or subsequent events after the reporting date which would require adjustments or disclosure in the accompanying financial statements.

By order of the Board

COMPANY SECRETARY
Sonia Shamwana Chinganya
LUSAKA

Date: 27 February 2023

AIRTEL MOBILE COMMERCE ZAMBIA LIMITED

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2022

The Companies Act, 2017 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII Sections 82 to 122 of the Companies Act, 2017.

The Directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards requirements of the Companies Act, 2017 and the reporting requirements under the National Payment Systems Act, 2007.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

- the statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the performance of the Company for the period ended 31 December 2022;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2022;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due;
- the financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2017 and the reporting requirements under the National Payment Systems Act, 2007; and
- the Directors have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act, 2017.

The Auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework described above. Their report is shown on pages 4 to 5.

Approval of the financial statements

The financial Statements of the Company as indicated above, were approved by the Directors on **27 February 2023** and signed on behalf of the Board by:

Vimal

Vimal Ambat
DIRECTOR

Andrew Chuma
DIRECTOR

Deloitte.

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Lusaka
Zambia

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Airtel Mobile Commerce Zambia Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Airtel Mobile Commerce Limited (the "Company) set out on pages 6 to 32, which comprise the statement of financial position as at 31 December 2022, 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 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 of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2017 and the reporting requirements under the National Payment Systems Act, 2007.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia, 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. The other information comprises the Directors' Report and the statement of responsibility as required by the Companies Act, 2017. 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 or 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2017 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.

INDEPENDENT AUDITOR'S REPORT (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 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 judgment 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.
- 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.

Report on other legal and regulatory requirements

The Companies Act, 2017 requires that in carrying out our audit of Airtel Money Commerce Limited, we consider and report on whether:

- There is a relationship, interest or debt which we as the Company's auditors have in Airtel Mobile Commerce Zambia Limited;
- There are serious breaches by the Company's Directors of the corporate governance principles or practices contained in Part VII sections 82 to 112 of the Companies Act, 2017; and
- There is an omission in the financial statements as regard particulars of loans made to a Company officer (a director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have no matters to report.

Deloitte & Touche

DELOITTE & TOUCHE

KUMOYO WAMBULAWAE
ASSOCIATE DIRECTOR
AUD/F006226
Date: 3 March 2023

AIRTEL MOBILE COMMERCE ZAMBIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Kwacha	Notes	For the year ended	
		31 December 2022	31 December 2021
Revenue	7	**2 821 855 604**	1 856 307 065
Other income	8	**5 090 511**	-
		2 826 946 115	1 856 307 065
Expenses			
Sales and distribution expenses		**(1 138 921 047)**	(870 726 018)
Employee benefit expenses	11	**(15 096 953)**	(8 551 506)
Other expenses	12(a)	**(118 089 300)**	(76 897 669)
Net exchange gains (losses)	9	**1 585 686**	(37 429 124)
Depreciation and amortisation	12(b)	**(49 194 209)**	(51 466 184)
		(1 319 715 823)	(1 045 070 501)
Operating profit		**1 507 230 292**	811 236 564
Finance costs	10(a)	**(605 907)**	-
Finance income	10(b)	**2 745 017**	4 086 784
Profit before tax		**1 509 369 402**	815 323 348
Income tax expense	13	**(451 052 424)**	(286 405 728)
Profit for the year		**1 058 316 978**	528 917 620

There were no items of other comprehensive income that arose during the year (2021: nil).

Accounting policies and notes to the financial statements set out on pages 10 to 32 form an integral part of the financial statements.

AIRTEL MOBILE COMMERCE ZAMBIA LIMITED
STATEMENT OF FINANCIAL POSITION

Kwacha	Notes	For the year ended 31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property and equipment	15	**87 182 944**	107 345 701
Capital work-in-progress	15	**13 182 295**	22 164 058
Intangible assets	16	**5 887 583**	5 264 471
Total non-current assets		**106 252 822**	134 774 230
Current assets			
Trade and other receivables	17	**310 236 577**	201 066 601
Cash and cash equivalent	19	**323 923 178**	297 750 805
Balance held under mobile money trust	18	**3 087 977 258**	2 064 402 188
Total current assets		**3 722 137 013**	2 563 219 594
Total assets		**3 828 389 835**	2 697 993 824
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**2 000 000**	2 000 000
Retained earnings		**357 020 076**	392 703 098
Shareholders equity		**359 020 076**	394 703 098
Non-current Liabilities			
Deferred tax liability	14	**8 668 661**	11 199 807
Current liabilities			
Trade and other payables	22	**233 042 657**	71 722 817
Mobile money wallet balances	21	**3 087 977 258**	2 064 402 188
Income tax payable	13	**139 681 183**	155 965 914
Total current liabilities		**3 460 701 098**	2 292 090 919
Total liabilities		**3 469 369 759**	2 303 290 726
Total equity and liabilities		**3 828 389 835**	2 697 993 824

Accounting policies and notes to the financial statements set out on pages 10 to 32 form an integral part of the financial statements.

The responsibilities of the Directors of the company with regard to the preparation of the financial statements are set out in on page 3. The financial statements on pages 6 to 32 were approved by the board of Directors and authorised for issue on **27 February 2023** and signed on their behalf by:

Vimal

Vimal Ambat
DIRECTOR

Andrew Chuma
DIRECTOR

AIRTEL MOBILE COMMERCE ZAMBIA LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

Kwacha	Share capital	Dividend reserve	Retained earnings	Total
At 1 January 2021	2 000 000	-	163 785 478	165 785 478
Profit for the year	-	-	528 917 620	528 917 620
Dividend declared during the year	-	300 000 000	(300 000 000)	-
Transfer to dividend payable	-	(300 000 000)	-	(300 000 000)
At 31 December 2021	2 000 000	-	392 703 098	394 703 098
At 1 January 2022	**2 000 000**	**-**	**392 703 098**	**394 703 098**
Profit for the year	**-**	**-**	**1 058 316 978**	**1 058 316 978**
Dividend declared during the year	**-**	**1 094 000 000**	**(1 094 000 000)**	**-**
Transfer to dividend payable	**-**	**(1 094 000 000)**	**-**	**(1 094 000 000)**
At 31 December 2022	**2 000 000**	**-**	**357 020 076**	**359 020 076**

The Directors have proposed a final dividend for the year ended 31 December 2022 of K300,000,000 (2021: nil).

Accounting policies and notes to the financial statements set out on pages 10 to 32 form an integral part of the financial statements.

AIRTEL MOBILE COMMERCE ZAMBIA LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

Kwacha	Notes	31 December 2022	31 December 2021
Cashflow from Operating activities			
Profit before tax		**1 509 369 402**	815 323 348
Adjustments for:			
Depreciation expense	12(b)	**42 489 192**	37 151 537
Amortisation of intangible assets	12(b)	**6 705 017**	14 314 647
Finance income	10	**(2 745 017)**	(4 086 784)
Net exchange gains (losses)		**(13 429 266)**	-
Assets expensed	15	**66 073**	-
Operating cash flow before changes in working capital		**1 542 455 401**	862 702 748
Changes in working capital:			
(Increase) decrease in trade and other receivables		**(109 169 976)**	138 239 134
Increase (decrease) in trade and other payables		**171 785 705**	(39 314 489)
Increase in mobile money wallet balances		**1 023 575 070**	683 740 768
Cash flows generated from operations		**2 628 646 200**	1 645 368 161
Income tax paid (i)	13	**(469 868 317)**	(224 545 972)
Net cash flows generated from operating activities		**2 158 777 883**	1 420 822 189
Cashflows from investing activities			
Interest received	10	**2 745 017**	4 086 784
Purchase of intangible assets	16	**(7 328 129)**	(10 013 169)
Purchase of property and equipment	15	**(13 410 745)**	(123 343 749)
Net cash flows used in investing activities		**(17 993 857)**	(129 270 134)
Cash flows from financing activities			
Dividend paid to shareholders		**(1 094 000 000)**	(480 511 483)
Net cash flows used in financing activities		**(1 094 000 000)**	(480 511 483)
Net increase in cash and cash equivalents		**1 046 784 026**	811 040 572
Cash and cash equivalents at beginning of the year		**2 362 152 993**	1 551 112 421
Effects of foreign exchange rate changes.		**2 963 417**	-
Cash and cash equivalents at end of the year (ii)	19	**3 411 900 436**	2 362 152 993

(i) Income tax paid include recoveries of withholding tax amounting to **K10,055,328** (2021: K3,339,317).

(ii) Cash and cash equivalents held on 31 December includes balance held under mobile money trust of **K3,087,977,258** (2021: K2,064,402,188) on behalf of mobile money customers which are not available for use by the Company.

Accounting policies and notes to the financial statements set out on pages 10 to 32 form an integral part of the financial statements.

1. GENERAL INFORMATION

Airtel Mobile Commerce Zambia Limited (the "Company") is a limited Company incorporated under the Companies Act, 2017 and domiciled in Zambia. The Company's principal activities are disclosed on page 1 of the Director's report.

The address of the Company's registered office and principal place of business is disclosed below.

Airtel Zambia HQ
Stand 2375
Corner Addis Ababa drive & Great east Road
P.O. Box 320001
Lusaka

These financial statements are presented in Zambian Kwacha ("K") and are rounded to the nearest Kwacha.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended IFRS Accounting 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 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).
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 Annual Improvements include amendments to the standard below. **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.

2.2 New and revised IFRS Accounting 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.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to IAS 1 *Presentation of Financial Statements—Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

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

Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates* (continued)

• A change in accounting estimate that results from new information or new developments is not the correction of an error

• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

– Right-of-use assets and lease liabilities

– Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The directors of the Company anticipate that the application of these amendments may not have an impact on the Company's financial statements in future periods should such transactions arise.

3. 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 the years presented unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

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

The Company does not hold any financial instruments held at fair value.

3.3 Revenue recognition

The Company recognises revenue from the following major sources:

- Transaction charges on cash withdrawals, merchant collection service fees and airtime recharge transaction fees;
- Churn revenue; and
- Service fees on international money transfers, bank transfer service fees, collection service fees and bulk payment service fees.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when its performance obligation is satisfied.

Revenue arising from transaction charges on cash withdrawals, merchant collection service fees, and airtime recharge transaction fees is based on a fee charged on the transaction values of customers. These fees are recognised as revenue at a point in time on fulfilment of these services by the Company.

The Company charges 'Customer churn reduction charge' from a mobile operator (being a merchant for the Company), for enabling reduction in average customer churn of such mobile operator. This revenue is recognised over time during which such benefit is received by the mobile operator."

Service fees arising from International money transfers, bank transfers, collection services and bulk payments, are recognised as revenue in real time when its performance obligation is satisfied.

3.4 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 Zambian Kwacha 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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Employee benefits

Retirement benefit obligations

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Company operates a defined contribution scheme for all its employees. The Company and all its employees also contribute to the National Pension Scheme Fund, a state managed retirement benefit plan, which is a defined contribution scheme. Membership is compulsory and monthly contributions by both employer and employee are made. A defined contribution plan is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions to the defined contribution schemes are recognised in profit or loss in the year in which they fall due.

Other entitlements

The estimated liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in the exchange for that service.

3.6 Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Taxation (continued)

(iii) Current and deferred tax for the year

Current tax and deferred tax is recognised as an expense or income in profit or loss, except to the extent that it relate to items credited or debited directly to equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

3.7 Property and equipment (PPE)

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. PPE is initially recognised at cost.

The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Further, it includes assets installed on the premises of customers as the associated risks, rewards and control remain with the Company.

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. 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 derecognised 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.

When funds borrowed are specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of the borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowings.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The asset's residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively. Land is not depreciated:

Categories	**Years**
Computers	3 years
Furniture and other equipment	5 years

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.

PPE in the course of construction less any accumulated impairment is carried at cost and presented separately as capital work-in-progress (CWIP) (including capital advances) in the statement of financial position until ready for use at which point it is transferred to PPE and subsequently depreciated. Such cost comprises the purchase price (including non-refundable duties and taxes but excluding any trade discount and rebates), and any directly attributable costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Intangible assets

The Company's intangible asset comprise of software 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.

Software licenses are initially measured at cost and subsequently amortised on a straight-line basis over their useful lives. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation periods are reviewed annually and adjusted prospectively as required. Gains or losses arising from derecognition of licenses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Licenses are amortised over a period of 5 years.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from derecognition of the assets 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.

3.9 Impairment of non financial assets

Property & Equipment and intangible assets

Property & equipment and intangible assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. 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 cash-generating-unit ('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 profit or loss 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. Impairment losses, if any, are recognised in statement of profit and loss.

Reversal of impairment losses

Impairment losses are reversed 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 in previous years.

3.10 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 the Company will be required to settle the obligation, and which a reliable estimate can be made of the amount of the obligation.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances.

However, for the purpose of the statement of cash flows, in addition to above items, balance held under mobile money trust are also included as a component of cash and cash equivalents.

3.12 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.

The Company maintains separate bank accounts with Commercial Banks for holding customer funds and are not used for Company's operational purpose. These bank accounts are used only for holding customer funds for the purpose of facilitating money transfer services

3.13 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 measures its financial assets at amortised cost.

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

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.

The amounts held by Airtel Money electronic value (E-value) account holders in their mobile money wallets are presented separately in the statement of financial position as 'Mobile money wallet balance'. The amounts held in bank on behalf of such E-value account holders are restricted for use by the Company and are presented as 'Balance held under mobile money trust'.

Measurement - Non-derivative financial instruments

i. Initial measurement

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

ii. Subsequent measurement - financial assets

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (Continued)

iii. Subsequent measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology is a simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition

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

3.14 Share capital

Issued ordinary shares are classified as 'share capital' in 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.

3.15 Contingencies

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

3.16 Comparatives

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

3.17 Dividend

Dividends to shareholders of the Company are recognised as a liability and deducted from equity in the year in which the dividends are approved by the shareholders. Interim dividends are deducted from the retained earnings when they are paid.

3.18 Interest income

Interest income from a financial asset is recognised when its is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected useful life of the financial asset to that asset's net carrying amount on initial recognition.

3.19 Current versus non-current classification

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Current versus non-current classification (continued)

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in 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 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the accounting policies, which are described in note 3, the Company is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical judgements in applying the Company's accounting policies

During the year 31 December 2022, the Directors did not make critical judgments in the process of applying the Company's accounting policies on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Taxation provisions

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Determination of residue values and useful lives

Judgement and estimations are used when determining the residue values and useful lives of property and equipment on annual basis.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and cash equivalents, receivables and payables. These instruments arise directly from its operations. The Company does not speculate or trade in derivative financial instruments.

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange 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 programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

Foreign exchange risk

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 profit or loss.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies and hedging through foreign currency forward contract. Policy is consistent with previous period.

The sensitivity analysis has been prepared on the basis of trade receivables, other receivables and trade and other payables are all constant. The assumption in calculation of the sensitivity analysis is that: the sensitivity of the relevant statements of profit or loss, is the effect of the assumed changes in respective market risk.

At 31 December 2022, if the Kwacha had weakened/strengthened by 5% against the US dollar with all other variables held constant, post tax profit for the period would have been **K2.829 million** (2021: K3.783 million) lower/higher, mainly as a result of US dollar denominated cash balances, trade receivables and trade payables. There would be no impact on equity.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows:

Exposure to currency risk

	2022 K	2021 K
Cash & cash equivalents (net)	**36 015 829**	54 155 391
Trade and other receivables	**134 356 136**	114 529 421
Trade and other payables	**(113 784 453)**	(93 017 605)
	56 587 512	75 667 207
The following US Dollar exchange rates applied during the period:		
Average Rate	**17.631**	16.752
Closing Rate	**18.075**	16.651

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, and arises principally from credit exposure to customers relating to outstanding receivables and amounts due from related parties. For banks and financial institutions, only reputable institutions are used.

The amount of that best represents the Company's maximum exposure to credit risk at the reporting date was:

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Kwacha	Note	Carrying amount 2022	2021
Financial assets			
Trade and other receivables (financial assets)	17	**307 888 549**	199 658 404
Balance under mobile money trust	18	**3 087 977 258**	2 064 402 188
Bank and cash balances	19	**323 923 178**	297 750 805
		3 719 788 985	2 561 811 397

As at 31 December, the ageing analysis of trade and other receivables is, as follows:

		Days past due			
	Not Due	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**> 90 days**
	K	K	K	K	K
2022	**69 482 400**	-	-	-	**88 785**
	Not Due	Days past due			
2021	10 048 564	-	-	-	88 785

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.

	Note	Carrying amount 2022	2021
Financial liabilities			
Trade and other payables (financial liabilities)	22	**201 412 331**	55 793 355
Mobile money wallet balance	21	**3 087 977 258**	2 064 402 188
		3 289 389 589	2 120 195 543

5. Financial risk management objectives and policies (continued)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments.

	On demand	Within 1 1 year	Between 1 - 5 years	Greater than 5 years	Total
	K	K	K	K	K
31 December 2022					
Trade and other payables (financial liabilities)	-	201 412 331	-	-	201 412 331
Mobile money wallet balance	3 087 977 258	-	-	-	3 087 977 258
	3 087 977 258	201 412 331	-	-	3 289 389 589
31 December 2021					
Trade and other payables (financial liabilities)	-	55 793 355	-	-	55 793 355
Mobile money wallet balance	2 064 402 188	-	-	-	2 064 402 188
	2 064 402 188	55 793 355	-	-	2 120 195 543

5. Financial risk management objectives and policies (continued)

Operational risk

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

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management of the Company.

The Company has developed processes of overall company's standards for the management of operational risk in the following areas:

· Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
· Requirements for the reconciliation and monitoring of transactions.
· Compliance with regulatory and other legal requirements.
· Documentation of controls and procedures.
· Requirements for the year assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
· Requirements for the reporting of operational losses and proposed remedial action.
· Development of contingency plans.
· Training and professional development.
· Ethical and business standards.

(i) Risk management

Risk is inherent in the company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing viable operations.
Exposure to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arises in the normal course of the company's business.
(ii) Operations

The Directors have put in place internal control systems which include instituting ostensibly to ensure adequate accounting records are maintained.

6. Capital management

The primary objectives of the Company is to hold, in trust, the funds owing to the Airtel Mobile Commerce Zambia Limited e-value holders and safeguard the safety and sanctity of these funds. The Company does not trade and is not allowed to deal in these funds otherwise than to settle obligations arising from genuine transaction of Airtel Mobile Commerce Zambia Limited E-value. The principal obligation of the Company is not to maximize wealth but to safeguard third party funds.

The capital structure of the Company consists of share capital and reserves. In order to maintain or adjust the capital structure, the Company may return loan capital to shareholders, issue new shares or sell assets to reduce debt.

7. REVENUE

	2022	2021
	K	K
		*Restated**
Transaction charges on cash withdrawals	**1 711 898 922**	1 204 875 450
Merchant collection service fees	**536 335 930**	268 965 679
Airtime recharge transaction fees	**297 013 851**	215 895 601
Churn Revenue	**182 741 353**	103 936 716
Service fees on international money transfers	**46 491 836**	24 712 988
Bank transfer service fees	**25 561 006**	15 268 173
Collection service fees	**15 367 116**	14 318 452
Bulk payment service fees	**6 445 590**	8 316 108
Other services	**-**	17 898
	2 821 855 604	1 856 307 065

*Refer to the reconciliation of restatement in note 25.

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	2022	2021
8. OTHER INCOME		
Other Income*	5 090 511	-

*Other income arises from actualisation of unclaimed security deposits for Airtel Money Booths and UNDP fund.

9. NET EXCHANGE GAINS (LOSSES)

	2022	2021
Exchange gains	5 631 538	11 356 260
Exchange losses	(4 045 852)	(48 785 384)
	1 585 686	(37 429 124)

The Zambian Kwacha appreciated against the US Dollar and other major convertible foreign currencies during the year. The impact of the appreciation of the Zambian Kwacha during the year is that the Company recorded exchange losses on its foreign currency denominated monetary assets

The table below illustrates the movements in the US Dollar exchange rates during the period:

		Mid – market exchange rate as at 1 January	Mid – market exchange rate as at 31 December	Movement during the year
US Dollar (1 US$ =)	2022	16.65	18.08	(9%)
US Dollar (1 US$ =)	2021	21.19	16.65	21%

10. FINANCE COST AND INCOME

	2022	2021
(a) Finance costs		
Bank charges	605 907	-
(b) Finance income		
Interest income on bank balances	2 745 017	4 086 784

11. EMPLOYEE BENEFIT EXPENSE

	2022	2021
Salaries	13 875 379	7 619 059
Defined contribution plan	1 221 574	932 447
	15 096 953	8 551 506

12. PROFIT BEFORE TAX

Profit before tax is stated after charging:

	2022	2021
(a) Other expenses		
Management fees	61 023 387	39 563 681
IT expenses	33 371 909	20 544 024
Legal and Professional charges	12 606 446	9 531 119
Other expenses	10 401 886	6 722 408
Auditors' remuneration	685 672	536 437
	118 089 300	76 897 669
(b) Depreciation and amortisation		
Depreciation on property and equipment (Note 15)	42 489 192	37 151 537
Amortisation of intangible assets (Note 16)	6 705 017	14 314 647
	49 194 209	51 466 184

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13. INCOME TAX EXPENSE

The components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	2021
Deferred tax (note 14)	**(2 531 146)**	6 525 069
Current income tax	**453 876 762**	279 880 659
Prior year over provision	**(293 192)**	-
Income tax expense	**451 052 424**	286 405 728

The tax charge for the year can be reconciled to the profit before tax as follows:

	2022	2021
Profit before income tax	**1 509 369 402**	815 323 348
Tax calculated at the statutory income tax rate of 30% (2021: 35%)	**452 810 821**	285 363 172
Tax effect of:		
Expenses not deductible for tax purposes (net)	**(1 465 205)**	1 042 556
Prior year over provision	**(293 192)**	-
Income tax expense	**451 052 424**	286 405 728

Income tax payable

Current income tax movement in the statement of financial position:

	2022	2021
At 1 January	**155 965 914**	100 631 227
Current tax charge for the year	**453 876 762**	279 880 659
Prior year over provision	**(293 176)**	-
WHT recoveries in respect of current year (i)	**(10 055 328)**	(3 339 317)
Payments during the year	**(459 812 989)**	(221 206 655)
At 31 December	**139 681 183**	155 965 914

(i) Withholding tax recoveries are taxes withheld at source of the receivables which are claimable on annual Corporate Income Tax return.

14. DEFERRED TAX LIABILITIES/(ASSETS)

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereof during the current and prior reporting period

	2022	2021
At beginning of year	**11 199 807**	4 674 738
(Credit)/charge for the year	**(2 531 146)**	6 525 069
At end of year	**8 668 661**	11 199 807

	At 1 January	Charge/ (credit) to profit and loss	At 31 December
31 December 2022			
Deferred tax liabilities (assets)			
Other provisions (i)	(471 753)	(155 863)	**(627 616)**
Net unrealised exchange gains (losses)	8 820 479	(3 515 992)	**5 304 487**
Property and equipment	2 851 081	1 140 709	**3 991 790**
	11 199 807	(2 531 146)	**8 668 661**
31 December 2021			
Deferred tax liabilities (assets)			
Other provisions (i)	(366 779)	(104 974)	(471 753)
Net unrealised exchange gains	5 112 050	3 708 429	8 820 479
Property and equipment	(70 533)	2 921 614	2 851 081
	4 674 738	6 525 069	11 199 807

(i) Other provisions comprise employee related expense provisions.

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15. PROPERTY AND EQUIPMENT

	Computers	Furniture & other equipment	Total	Capital work in progress
Historical Cost :				
At 1 January 2021	3 660 476	51 914 939	55 575 415	5 373 706
Additions	88 045	50 023 776	50 111 821	13 222 244
Transfer of assets from Airtel Networks Zambia Plc	-	56 441 576	56 441 576	3 568 108
At 31 December 2021	3 748 521	158 380 291	162 128 812	22 164 058
At 1 January 2022	**3 748 521**	**158 380 291**	**162 128 812**	**22 164 058**
Additions	-	-	-	**13 410 745**
Transfers	**1 080 773**	**21 311 735**	**22 392 508**	**(22 392 508)**
Assets expensed (i)	-	**(66 073)**	**(66 073)**	-
At 31 December 2022	**4 829 294**	**179 625 953**	**184 455 247**	**13 182 295**
Depreciation				
At 1 January 2021	3 660 476	13 971 098	17 631 574	-
Charge for the year	24 443	37 127 094	37 151 537	-
At 31 December 2021	3 684 919	51 098 192	54 783 111	-
At 1 January 2022	**3 684 919**	**51 098 192**	**54 783 111**	-
Charge for the year	**69 815**	**42 419 377**	**42 489 192**	-
At 31 December 2022	**3 754 734**	**93 517 569**	**97 272 303**	-
Carrying amount:				
At 31 December 2022	**1 074 560**	**86 108 384**	**87 182 944**	**13 182 295**
At 31 December 2021	63 602	107 282 099	107 345 701	22 164 058

The Company rolled out Airtel money branches across the country. These have been presented as part of the furniture and other equipment.

(i) Assets expensed relate to damaged Airtel Money Booths.

16 INTANGIBLE ASSETS

	Total
Cost	
At 1 January 2021	24 393 122
Additions	10 013 169
At 31 December 2021	34 406 291
At 1 January 2022	**34 406 291**
Additions	7 328 129
At 31 December 2022	**41 734 420**
Amortization	
At 1 January 2021	14 827 173
Charge for the year	14 314 647
At 31 December 2021	29 141 820
At 1 January 2022	**29 141 820**
Charge for the year	6 705 017
At 31 December 2022	**35 846 837**
Net book value	
At 31 December 2022	**5 887 583**
At 31 December 2021	5 264 471

The intangible asset is the software license for mobiquity mobile financial services platform which allows for services such as the sending and transfer of money, bulk payments, merchant transactions, savings and loans.

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17 TRADE AND OTHER RECEIVABLES

	2022	2021
Trade receivables	**69 571 185**	10 137 349
Less: allowance for expected credit losses	**(88 785)**	(88 785)
Net trade receivables	**69 482 400**	10 048 564
Other receivables	**6 134 227**	7 744 622
Amounts due from related parties - [Refer note 23(a)]	**232 271 922**	181 865 218
Total before prepayments and vat receivable	**307 888 549**	199 658 404
Prepayments and vat receivable*	**2 348 028**	1 408 197
	310 236 577	201 066 601

*In the prior year, prepayments and vat receivable were included in other receivables. The reclassification in the note has been made to enhance the disclosures. No changes have been made to the total trade and other receivables on the face of the statements of financial position.

The average credit period on sales of services is 30 days. No interest is charged on outstanding trade receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company has recognised a loss allowance of 100 per cent against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables has crossed the law of limitation period past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

As at 31 December 2022, trade receivables with an initial carrying value of **K88,785** (2021: K88,785) were impaired and fully provided for. The movement in impairment provisions is as follows:

	2022	2021
As at 1 January	**88 785**	88 785
Charge for the year	**-**	-
As at 31 December	**88 785**	88 785

Amounts due from related parties are assessed regarding credit risk at each reporting date. As the same are closely monitored and controlled by the same management, there is no provision matrix being followed on ageing basis. There have been no instances observed in the past where collection are assumed to be at risk for such related party

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer segments.

31 December 2022	**Trade and other receivables- days past due**				
	Current	**30 - 60 days**	**60 - 90 days**	**> 90 days**	**Total**
Expected credit loss rate	0%	0%	0%	100%	
Estimated total gross Carrying amount at default	**69 482 400**	**-**	**-**	**88 785**	**69 571 185**
Expected credit loss	**-**	**-**	**-**	**88 785**	**88 785**

31 December 2021	Trade and other receivables- days past due				
	Current	30 - 60 days	60 - 90 days	> 90 days	Total
Expected credit loss rate	0%	0%	0%	100%	
Estimated total gross Carrying amount at default	10 048 564	-	-	88 785	10 137 349
Expected credit loss	-	-	-	88 785	88 785

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18. BALANCE HELD UNDER MOBILE MONEY TRUST

	2022	2021
Cash at bank held in trust	2 749 912 891	1 852 820 501
Interest earned on cash at bank held in trust	338 064 367	211 581 687
	3 087 977 258	2 064 402 188

Funds held on behalf of customers are held on bank accounts bearing an interest at the annual rates mentioned below:

Bank	2022	2021
Citi bank Zambia Limited	**4.00%**	4.00%
Atlas Mara Zambia	**MPR-2%**	MPR-2%
Zambia National Commercial Bank Plc	**7.00%**	7.00%
Absa Bank Zambia Plc	**8.00%**	8.00%
Indo Zambia Bank	**7.00%**	MPR+1%
Stanbic Bank Zambia Limited	**7.00%**	8.75%

19. CASH AND CASH EQUIVALENTS

Balance with bank		
On current accounts	123 896 838	246 487 879
Cash in hand	200 026 340	51 262 926
	323 923 178	297 750 805

Bank accounts bear interest at the rate of 4% per annum (2021: 4%). Interest earned has been disclosed in note 10.
The company does not hold any physical cash at the premises. The funds reported as cash balance represent the funds held in the form of electronic value on the mobile wallets owned by the company.

For the purpose of the statement of cashflows, cash and cash equivalents are as follows:

	2022	2021
Cash and cash equivalents as per balance sheet	323 923 178	297 750 805
Balance held under mobile money trust	3 087 977 258	2 064 402 188
	3 411 900 436	2 362 152 993

20. SHARE CAPITAL

Authorised share capital:		
200,000,000 ordinary shares of K 0.01 each	2 000 000	2 000 000
Issued and fully paid:		
200,000,000 ordinary shares of K 0.01 each	2 000 000	2 000 000

21. MOBILE MONEY WALLET BALANCE

Customer deposits	2 749 912 891	1 852 820 501
Interest earned on trust accounts *	338 064 367	211 581 687
	3 087 977 258	2 064 402 188

* The amount Can be used, subject to approval from Central Bank for payment to individual e-money customers, customer education campaign, discount on transaction fees to customers and any other activity approved by Central Bank.

22. TRADE AND OTHER PAYABLES

	2022	2021
Trade payables	414 534	556 402
Other payables	37 154 192	44 442 424
Amounts due to related parties [Refer note 23(c)]	163 843 605	10 794 529
Total before withholding tax, vat payable and employee related accruals	201 412 331	55 793 355
Withholding tax payable*	25 373 424	12 732 998
VAT payable*	3 980 566	1 937 428
Employee related accruals*	2 276 336	1 259 036
	233 042 657	71 722 817

* In the prior year, Withholding tax payable, vat payable and employee related accruals were included in other payables. The reclassification in the note has been made to enhance the disclosures. No changes have been made to the total trade and other payables on the face of the statements of financial position.

Trade payables are non-interest bearing and have an average term of 60 days.
Other payables are non-interest bearing and have an average term of six months.
The Company has financial risk management policies in place to ensure that all payables are paid within pre agreed credit

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23. RELATED PARTY DISCLOSURES

Airtel Mobile Commerce Zambia Limited's Holding company is Airtel Mobile Commerce BV, a company incorporated in Netherlands.

The shareholding of the Company as at 31 December 2022 and 2021 is as stated below:

Name of shareholder	2022 and 2021 Number of shares	% shareholding
Airtel Mobile Commerce Holding BV	2 000 000	1%
Airtel Mobile Commerce BV	198 000 000	99%
	200 000 000	**100%**

(a) Amounts due from related parties

The Company had transacted with the following related party companies during the normal course of business and hence are classified under current assets or current liabilities :

Name of related parties	Nature of relationship	Country of incorporation	2022	2021
Airtel Mobile Commerce BV	Fellow subsidiary	Netherlands	**54 589 509**	-
Airtel Networks Zambia Plc	Fellow subsidiary	Zambia	**97 915 792**	178 586 142
Airtel Mobile Commerce Limited	Fellow subsidiary	Malawi	**78 493 614**	2 224 136
Commerce Rwanda Limited	Fellow subsidiary	Rwanda	**316 464**	230 636
Airtel Money Transfer Limited	Fellow subsidiary	Kenya	**506 883**	590 724
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	Uganda	**449 660**	233 580
			232 271 922	**181 865 218**

(b) Sale of services to related parties

Name of related parties	Nature of relationship	Country of incorporation		
Airtel Networks Zambia Plc	Fellow subsidiary	Zambia	**495 803 340**	342 466 877
Airtel Mobile Commerce BV	Fellow subsidiary	Netherlands	**57 212 073**	-
Airtel Mobile Commerce Limited	Holding Company	Malawi	**76 269 483**	7 224 744
Airtel Money Tanzania Limited	Fellow subsidiary	Tanzania	**97 652 759**	158 830 518
Airtel Money Transfer Limited	Fellow subsidiary	Kenya	**7 760 442**	7 593 756
Airtel Mobile Commerce Uganda	Fellow subsidiary	Uganda	**9 161 313**	3 006 321
Airtel Mobile Commerce Rwanda	Fellow subsidiary	Rwanda	**3 747 876**	3 286 989
			747 607 286	522 409 205

AIRTEL MOBILE COMMERCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

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23. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Amounts due to related parties

Name of related parties	Nature of relationship	Country of incorporation	2022	2021
Airtel Mobile Commerce BV	Fellow subsidiary	Netherlands	29 943 172	553 309
Airtel Networks Zambia Plc	Fellow subsidiary	Zambia	21 131 129	-
Airtel Mobile Commerce Limited	Holding Company	Malawi	98 168 767	3 275 695
Airtel Money Tanzania Limited	Fellow subsidiary	Tanzania	5 804 259	1 569 281
Airtel Money Transfer Limited	Fellow subsidiary	Kenya	3 896 948	2 082 391
Airtel Mobile Commerce Uganda	Fellow subsidiary	Uganda	2 141 237	2 003 163
Airtel Mobile Commerce Rwanda	Fellow subsidiary	Rwanda	2 758 093	1 310 690
			163 843 605	10 794 529

(d) Purchase of services from related parties

Name of related parties	Nature of relationship	Country of incorporation		
Airtel Networks Zambia Plc	Fellow subsidiary	Zambia	81 325 584	40 314 281
Airtel Mobile Commerce Limited	Holding Company	Malawi	109 153 070	112 428 765
Airtel Money Tanzania Limited	Fellow subsidiary	Tanzania	163 065 497	93 747 852
Airtel Money Transfer Limited	Fellow subsidiary	Kenya	94 786 722	54 215 465
Commerce Uganda Limited	Fellow subsidiary	Uganda	71 465 028	38 345 144
Airtel Mobile Commerce Rwanda	Fellow subsidiary	Rwanda	63 919 794	42 929 815
			583 715 695	381 981 322

Amounts due from/to related parties carry no interest, are receivable/payable on demand and are at arms length.

There is no impairment of receivables relating to amounts owed by related parties as on 31 December 2022 and 2021.

(e) Key management compensation

	2022	2021
Salaries and other short-term employment benefits	296 450	215 500

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23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (FINANCIAL INSTRUMENTS)

The carrying value of financial instruments not carried at fair value, which include trade and other receivables, bank and cash balances, amounts due from a related party, trade and other payables, borrowings and amounts due to related parties approximates fair value because of the short period to maturity of these instruments or as a result of market-related variable interest rates with similar terms, currency, credit risk and remaining maturities.

The Company does not hold any financial instruments held at fair value.

	Carrying Value	Fair Value
31 December 2022		
At amortised cost:		
Trade and other receivables, excluding prepayments and taxes	**307 888 549**	**307 888 549**
Cash and cash equivalent	**323 923 178**	**323 923 178**
Balance held under mobile money trust	**3 087 977 258**	**3 087 977 258**
Trade and other payables, net of taxes	**(201 412 331)**	**(201 412 331)**
Mobile money wallet balances	**(3 087 977 258)**	**(3 087 977 258)**
31 December 2021		
At amortised cost:		
Trade and other receivables, excluding prepayments and taxes	199 658 404	199 658 404
Cash and cash equivalent	297 750 805	297 750 805
Balance held under mobile money trust	2 064 402 188	2 064 402 188
Trade and other payables, net of taxes	(55 793 355)	(55 793 355)
Mobile money wallet balances	(2 064 402 188)	(2 064 402 188)

24. DIVIDEND PAYABLE

	2022	2021
At 1 January	**-**	180 511 483
Dividends declared	**1 094 000 000**	300 000 000
Dividends paid	**(1 094 000 000)**	(480 511 483)
At 31 December	**-**	-

25. RESTATEMENT: PRIOR PERIOD ERROR

The restatement below relate to the presentation or classification of items in the revenue note as a result of incorrect mapping of the general ledger to the correct revenue streams as detailed below:

Revenue Stream	2021- previously stated	2021- restated	Amount reclassified
	K	K	K
Transaction charges on cash withdrawals	1 244 856 611	1 204 875 450	**(39 981 161)**
Merchant collection service fees	248 726 921	268 965 679	**20 238 758**
Airtime recharge transaction fees	215 895 601	215 895 601	**-**
Churn Revenue	-	103 936 716	**103 936 716**
Service fees on international money transfers	16 493 480	24 712 988	**8 219 508**
Bank transfer service fees	15 268 173	15 268 173	**-**
Collection service fees	-	14 318 452	**14 318 452**
Bulk payment service fees	8 316 108	8 316 108	**-**
Other value added services	106 750 171	-	**(106 750 171)**
Other services	-	17 898	**17 898**
Total Revenue	**1 856 307 065**	**1 856 307 065**	**-**

The above restatement in the revenue note, did not result in any changes to the previously recorded and disclosed revenue on the statement of profit or loss and other comprehensive income for the year.

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26. CAPITAL COMMITMENTS

The Company had capital commitments amounting to **K26,437,096** as at 31 December 2022 (2021: K10,729,401).

27. CONTINGENT LIABILITIES

There is a contingent liability amounting to **K15,139,996** as at 31 December 2022 (2021: nil).

This liability arises out of a fine by the Competition and Consumer Protection Commission ("CCPC") for anti-competitive business practices in the provision of airtel mobile money services. It was alleged that Airtel had been abusing its dominant position by unfairly increasing its mobile money merchant charges and threatening to terminate the contracts with all sports betting companies that did not comply with the abrupt increase in charges. According to the Commission, the allegations would appear that the Company was in breach of the Competition and Consumer Protection Act No. 24 of 2010 (the "Act"). The investigation by CCPC was triggered by a complaint from one of the Betting entities after a decision was made to increase collection and disbursement charges for the Betting industry.

A notice of appeal has since been submitted to the Commission against the ruling. Management has engaged an external counsel to process written submissions and thereafter represent the Company in the Tribunal. The Company is confident of success on the grounds of legal opinions obtained from external counsel and the available documentation to challenge the allegations.

28. EVENTS AFTER REPORTING DATE

There have been no material events after the reporting date which would require disclosure in or adjustment to the financial statements for the period ended 31 December 2022.