AIRTEL MONEY TANZANIA LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2022

AIRTEL MONEY TANZANIA LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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AIRTEL MONEY TANZANIA LIMITED

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Airtel Money Tanzania Limited Block 41, Kinondoni Corner of Ali Hassan Mwinyi & Kawawa Roads P.O. Box 9623 Dar es Salaam Tanzania
COMPANY SECRETARY	David Lema Legal Counsel Airtel House Block 41, Kinondoni Corner of Ali Hassan Mwinyi & Kawawa Road P.O. Box 9623 Dar es Salaam Tanzania
AUDITORS	Deloitte & Touche Certified Public Accountants (Tanzania) 3rd Floor, Aris House Plot No: 152, Haile Selassie Road, Oysterbay P.O. Box 1559 Dar es Salaam Tanzania
BANKERS	Standard Chartered Bank Tanzania Limited 3rd floor, International house Garden Avenue / Shaabam Robert Street P.O. Box 9011 Dar es Salaam Citibank Tanzania Limited Citibank house, Plot No: 1962, Toure Drive, Oysterbay P.O. Box 71625 Dar es Salaam

AIRTEL MONEY TANZANIA LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. INTRODUCTION

The Directors submit their report, together with the financial statements of Airtel Money Tanzania Limited ("the Company") for the year ended 31 December 2022, which disclose the state of affairs of the Company.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company is to carry on business of "The Registered Trustees of Airtel Money Trust Fund ('AMTF')" and to deal in electronic money, electronic cash, electronic currency, digital money or digital currency and all other kinds of mobile electronic money transfer products and services related to Airtel Money.

3. INCORPORATION AND REGISTRATION

The Company is incorporated in Tanzania under the Companies Act, 2002 as a private Company limited by shares. The Company was officially incorporated on 10 June 2016 and has been granted electronic money issuer license No. LB 422/535/11 by the Bank of Tanzania (BOT) on 18 September 2018.

4. SHAREHOLDING

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

Name of share holder	No. of shares	% of shareholding
Airtel Tanzania PLC	999	99.9
Bharti Airtel Tanzania B.V.	1	0.1
	1,000	100

5. RESULTS AND DIVIDEND

The Company made a profit after tax of TZS 60,533.1 million for the year ended 31 December 2022 (2021: TZS 58,682.1 million). During the year the Directors declared an interim dividend in respect of the financial year ended 31 December 2022 of TZS 47,350 million. The Directors propose the payment of a final dividend of TZS 13,150 million in respect of the year ended 31 December 2022, resulting in total dividend for the year ended 31 December 2022 amounting to TZS 60,500 million (2021: TZS 58,682.1 million).

6. SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Directors have reviewed the Company's cash flows projections and, in the light of this review and the current financial position, they are satisfied that the Company has access to adequate resources to continue operating in the ordinary course of business for the foreseeable future.

7. DIRECTORS

The Directors of the Company at the date of this report, all of whom have served throughout the year, except as otherwise indicated, were:

Name	Qualifications	Age	Nationality	Appointment	Resignation
George Mathen*	Masters in Business Administration	53	Indian	1 November 2019	15 February 2022
Dinesh Balsingh*	Masters in Business Administration	49	Indian	4 February 2022	N/A
Vimal Kumar**	Masters in Marketing & Finance	53	Indian	8 September 2021	01 October 2022
Lekinyi Ngariapusi Mollel**	Masters in Economics	50	Tanzanian	29 January 2020	20 May 2022
John Marato Sausi**	Masters in Computer Science	45	Tanzanian	20 May 2022	03 November 2022
Ian Basil Ferrao**	Bsc. Management Science	41	British	07 October 2022	N/A
Adolph Timoth Kasegenya**	Certified Public Accountant (CPA)	51	Tanzanian	03 November 2022	N/A

7. DIRECTORS (CONTINUED)

* Executive
** Non-executive

8. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

None of the Directors have any interest in the Company's shareholding.

9. DIRECTORS' EMOLUMENTS

The Directors of the Company were paid fees and emoluments amounting to TZS 56.5 million during the year (2021: 28.2 million)

10. GOVERNANCE

The Board of Directors ("the Board") consists of two executive Directors and one non-executive Director. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

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

The Board is required to meet at least four times a year (once every quarter). Senior Management is invited to attend Board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units. The Board met four times during the year. Major issues discussed during the meetings are:

- Performance review;
- Approval of annual plans;
- Business challenges; and
- Declaration of interim and final dividends to shareholders.

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

11. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in assurance regarding:

i. The effectiveness and efficiency of operations;
ii. The safeguarding of the Company's assets;
iii. Compliance with applicable laws and regulations;
iv. The reliability of accounting records;
v. Business sustainability under normal as well as adverse conditions; and
vi. Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met accepted criteria.

12. COMPLIANCE WITH LAWS AND REGULATIONS

The business operations of the Company are in compliance with the laws and regulations applicable in the United Republic of Tanzania.

13. RELATED PARTY TRANSACTION

Details of transactions and balances with related parties are disclosed in note 15 to the financial statements.

14. FUTURE DEVELOPEMENT PLAN

Airtel Money business is set to grow in terms of active customers, agents, number of transactions and transaction value; this will be achieved by creating initiatives that will drive growth in customer transactions and strengthening of the agent & merchant network.

15. POLITICAL AND CHARITABLE DONATION

The Company did not make any political and charitable donation for the year under ended 31 December 2022 (2021: Nil).

16. AUDITOR

The auditors, Deloitte & Touche, having expressed willingness to continue in office in accordance with section 170(2) of the Companies Act, 2002.

Approved by the Board of Directors on 24, Feb, 2023 and signed on its behalf by:

Adolph T. Kasegenya
Name of Director

Signature

DINESH RALSINGH
Name of Director

Signature

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs and its operating results for that year. The Companies Act, 2002 also requires the Directors to ensure that 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 responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2002. 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.

Nothing has come to the attention of Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of Directors on 24, Feb 2023 and signed on behalf by:

Adolph T. Kasegenya
Name of Director

Signature

DINESH BALSINGH
Name of Director

Signature

AIRTEL MONEY TANZANIA LIMITED

DECLARATION BY THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the head of finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of the Company showing true and fair view of the Company position and performance in accordance with applicable accounting standards and statutory requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as set out in the statement of Directors' responsibilities on page 5.

I, Joseph Jessey, being the Finance Manager of Airtel Money Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2022 have been prepared in compliance with applicable International Financial Reporting Standards and statutory requirements.

I thus confirm that the financial statements comply with International Financial Reporting Standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Joseph Jessey
Finance Manager
NBAA Registration No. GA 4693
24th Feb 2023

Deloitte.

Deloitte & Touche
Certified Public Accountants (Tanzania)
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AIRTEL MONEY TANZANIA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompany financial statements of Airtel Money Tanzania Limited ("the Company"), set out on pages 9 to 32, which comprise the statements of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and the statements 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 accompanying 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 ("IFRSs") and the requirements of Companies Act, 2002.

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 National Board of Accountants and Auditors (NBAA) Code of Ethics, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Directors are responsible for the other information, including the Report of the Directors. 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 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 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 (IFRSs) and the requirements of the Companies Act, 2002; and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the Company 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

As required by the Companies Act, 2002 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 of account; and

(iii) the statements of financial position (balance sheet) and the statements of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is F.J. Kibiki.

Deloitte & Touche
Certified Public Accountants (Tanzania)

Signed by: F.J. Kibiki
NBAA Registration No. ACPA 3214
Dar es Salaam

01 March 2023

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 TZS'000	2021 TZS'000
Revenue	6	209,609,705	197,262,953
Cost of sales	7	(91,431,796)	(87,949,338)
Gross profit		118,177,909	109,313,615
Administrative expenses	8 (a)	(21,513,295)	(16,327,158)
Distribution expenses	9	(7,326,327)	(8,015,603)
Depreciation and amortization	10	(3,659,973)	(3,098,908)
Other income	11	360,269	2,290,165
Operating profit		86,038,583	84,162,111
Finance cost	12	(113,316)	(12,724)
Profit before tax		85,925,267	84,149,387
Income tax expense	13(a)	(25,392,211)	(25,467,286)
Profit for the year		60,533,056	58,682,101
Other comprehensive income for the year		-	-
Total comprehensive income for the year		60,533,056	58,682,101

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

ASSETS	Notes	2022 TZS'000	2021 TZS'000
Non-current assets			
Property, plant and equipment	14	10,730,084	11,072,400
Deferred tax asset	13 (d)	2,560,680	1,535,751
		13,290,764	12,608,151
Current assets			
Trade and other receivables	16	13,168,553	11,887,324
Cash and cash equivalents	17	24,544,636	22,628,517
		37,713,189	34,515,841
Total assets		51,003,953	47,123,992
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,000	1,000
Retained earnings		13,183,057	13,682,102
Total equity		13,184,057	13,683,102
Current liabilities			
Income tax payable	13(c)	3,532,184	2,499,364
Trade and other payables	19	34,287,712	30,941,526
Total current liabilities		37,819,896	33,440,890
Total equity and liabilities		51,003,953	47,123,992

The financial statements on page 9 to 32 were approved and authorised for issue by the Board of Directors on ...24 - Feb - ....2023 and signed on its behalf by:

Name Adolph T. Kasegenya
Title Chairman

Name DINESH DIALSINGH
Title DIRECTOR

AIRTEL MONEY TANZANIA LIMITED

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

	Notes	Share capital TZS'000	Retained earnings TZS'000	Total TZS'000
At 1 January 2021		1,000	15,865,880	15,866,880
		-	(60,865,879)	(60,865,879)
Dividend declared - 2020 final	20	-	(15,865,879)	(15,865,879)
- 2021 interim	20	-	(45,000,000)	(45,000,000)
Total comprehensive income for the year		-	58,682,101	58,682,101
At 31 December 2021		1,000	13,682,102	13,683,102
At 1 January 2022		1,000	13,682,102	13,683,102
		-	(61,032,101)	(61,032,101)
Dividend declared - 2021 final	20	-	(13,682,101)	(13,682,101)
- 2022 interim	20	-	(47,350,000)	(47,350,000)
Total comprehensive income for the year		-	60,533,056	60,533,056
At 31 December 2022		1,000	13,183,057	13,184,057

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 TZS'000	2021 TZS'000
Operating activities			
Profit before tax		85,925,267	84,149,387
Adjustments for:			
Depreciation of equipment	10	3,659,973	3,098,908
Provision / (recovery) of bad debts	8	2,193,157	(8,645)
		91,778,397	87,239,650
Movement in working capital:			
Increase in trade and other receivables		(3,474,386)	(456,041)
(Decrease)/increase in trade and other payables		(6,692,840)	11,704,632
		81,611,171	98,488,241
Income tax paid	13 (c)	(24,015,622)	(21,500,000)
Withholding tax recovered	13 (c)	(1,368,698)	(2,019,589)
Net cash flow generated from operating activities		56,226,851	74,968,652
Investing activities			
Purchase of property, plant and equipment		(3,372,232)	(6,486,500)
Net cash used in investing activities		(3,372,232)	(6,486,500)
Financing activities			
Dividend paid	20	(50,938,500)	(55,762,637)
Net cash used in Financing activities		(50,938,500)	(55,762,637)
Net increase in cash and cash equivalents		1,916,119	12,719,515
Cash and cash equivalent at beginning of the year		22,628,517	9,909,002
Cash and cash equivalents at end of the year	17	24,544,636	22,628,517

1. GENERAL INFORMATION

Airtel Money Tanzania Limited ("the Company") is incorporated in Tanzania under the Companies Act, 2002 as a limited liability company, and is domiciled in Tanzania.

The Company was incorporated on 10 June 2016 and was granted electronic money issuer license by the Bank of Tanzania on 18 September 2018 and started operation from 1 September 2019.

The principal activities of the Company are disclosed in the Report of the Directors on page 2.

2. STANDARDS AND INTERPRETATIONS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION

a) Adoption of new and revised International Financial Reporting Standards and interpretations

None of the new and revised standards and interpretations, which became effective during the current year, have resulted in a change in the Company's accounting policies or in presentation. Neither have they had an effect on the reported results for the year.

b) Relevant new and amended standards and interpretations issued but not yet effective in the year ended 31 December 2022

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective. The Directors are in the process of evaluating the potential effect of these standards and interpretation on the financial statements of the Company when effective.

c) Early adoption of standards

The Company did not early adopt any new or amended standards for the year ended 31 December 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002.

For the Companies Act, 2002 reporting purposes, in these financial statements, the statement of financial position represents the balance sheet and the profit and loss account is equivalent to the statement profit or loss and other comprehensive income.

b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all balances are rounded to the nearest thousand ('000'), except when otherwise indicated.

c) Functional and presentation currency

Transactions in foreign currencies during the year are converted into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Tanzanian shillings at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Tanzanian Shillings at the date when the fair value was determined. Foreign currency gains and losses arising from translation are recognised in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The Company determines the classification of its financial assets at initial recognition

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

The Company's financial assets include cash equivalents and trade and other receivables.

Subsequent measurement

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI).

For debt instruments the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. A debt instrument that meets the following two conditions (business model test and cash flow characteristics test) must be measured at amortised cost (net of any write down for impairment) unless the asset is designated at FVTPL under the fair value option. Whilst for equity investments, the FVTOCI classification is an election.

All equity investments are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the Company has elected to present value changes in 'other comprehensive income'. There is no 'cost exception' for unquoted equities. If an equity investment is not held for trading, a Company can make an irrevocable election at initial recognition to measure it at FVTOCI with only dividend income recognized in profit or loss

The classification of a financial asset is made at the time it is initially recognised, namely when the Company becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

De-recognition

A financial asset, or where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset
- The Company is prohibited from selling or pledging the original asset (other than as security to the eventual recipient), the entity has an obligation to remit those cash flows without material delay.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience. Trade receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances in note 17.

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 gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit and loss.

The Company uses a provision matrix to measure the expected credit loss of trade receivables. Refer note 17 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings measured at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings measured at amortized cost, plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables and interest bearing borrowings.

Subsequent measurement

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Fair Value Option

IFRS 9 contains an option to designate a financial liability as measured at FVTPL if:

- doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or

- the liability is part or a group of financial liabilities or financial assets and financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Financial liabilities (continued)

Fair Value Option (continued)

A financial liability which does not meet any of these criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

IFRS 9 requires gains and losses on financial liabilities designated as at FVTPL to be split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount presented in profit or loss. This guidance allows the recognition of the full amount of change in the fair value in profit or loss only if the presentation of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. That determination is made at initial recognition and is not reassessed.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss, the entity may only transfer the cumulative gain or loss within equity.

De-recognition

A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss.

iii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

e) Property, Plant and Equipment

Property, plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and Equipment are required to be replaced in intervals, the Company recognises such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. 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. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Where assets are installed on the premises of customers (commonly called Customer Premise equipment -"CPE;"), such assets continue to be treated as property, plant and equipment as the associated risks and rewards remain with the Company and the management is confident of exercising control over them.

The Company also enters into multiple element contracts whereby the vendor supplies plant and equipment and IT related services. These are recorded on the basis of relative fair value.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement and disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property, Plant and Equipment (continued)

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

Estimated useful lives of the assets are as follows:

Asset classification	Useful Life	Depreciation rate
Buildings	20 years	5%
Network equipment	3 - 25 years	4% - 33.3%
Computer equipment	3 years	33.3%
Office furniture and equipment	1 - 5 years	20% - 100%
Motor vehicles	5 years	20%
Customer premises equipment	5 - 8 years	12.5% - 20%
Leasehold improvements	Over the period of the lease	Over the period of the lease

f) Taxation

Income tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax 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, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Excise duty

Excise duty is defined in accordance with Section 124 of the Excise (Management and Tariff) Act 2004. It is at 17% on all electronic communication services with the exception of inbound roaming and a few other items. It is included in the face value of the voucher & electronic recharges on sale.

Excise duty is charged at 10% on mobile money transfer charges during the year. Excise Duty is accounted for as payable amount in the balance sheet in the month of a liability where as it is paid before the end of the subsequent month of liability to the Tanzania Revenue Authority. Unlike VAT, Excise duty is not recoverable on purchases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Taxation (continued)

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

i. When the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
ii. Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to the tax authority is included as part of receivables or payables in the statement of financial position.

Levy

Revenues, are recognized net of the amount of levy.

The amount of levy recovered from customers, and payable to the tax authority is included as part of trade and other payables in the statement of financial position

g) Revenue recognition

Revenue arises from billing customers for P2P (person to person on-net and off-net) transactions; cash out (withdrawal) transactions, Airtel Money to bank transactions, collections of funds for customers purchasing goods and services using Airtel Money and commissions on sale of airtime and business revenue arising from bulk payment transactions.

Revenue is recognised in line with IFRS 15 5-Step Model.

The five steps in the Model are as follows:
- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty (Value Added Tax, excise duty and levies). The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transactions have been resolved.

h) Cash and cash equivalents

Cash on hand, Airtel Money electronic money, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the statement of cash flows. Bank overdrafts are deducted from these balances to arrive at cash and cash equivalents.

i) Dividends

Dividends on ordinary shares are charged to equity in the year in which they are declared. Proposed dividends are shown as a separate component of equity until declared. Details of dividend are set out in note 20.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Employment benefits

Retirement benefit obligations

All Company employees are members of PSSSF Pension Fund ("PSSSF"), which are defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions. 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 Company and employees both contribute 10% of the employees' basic salaries to the PSSSF respectively. The contributions are recognized as employee benefit expense when they are due.

Other entitlements. The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

k) Fair value measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

l) Current versus non-current classification

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

An asset is current when it is either:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the 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;
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, 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) Going concern

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b) Taxation

The Company is subjected to a number of taxes and levies by various Government and quasi-government regulations bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with at most care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous; such differences will affect the income and liabilities in the period in which such differences are determined.

c) Fair values on financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

d) Property, Plant and Equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 3 (e).

e) Impairment of financial assets

The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances in note 16.

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 gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

The Company uses a provision matrix to measure the expected credit loss of trade receivables. Refer to note 16 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

Where any impairment is established, the Company records it in the profit or loss the extent that is not expected to be recovered.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

f) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of the cash flow.

5. FINANCIAL RISK MANAGEMENT

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.

Market risk

i) Foreign exchange risk

Foreign exchange risk arises from financial instruments held in foreign currencies. The Company's exposure to foreign exchange risk arises from settlement of International Money transfers, which are settled in foreign currencies, primarily the US dollar.

The following table demonstrate the sensitivity to possible changes in the exchange rate between the Tanzanian shilling and foreign currencies (Mainly US dollar, other currencies are considered to be immaterial), with all other variables held constant, of the Company's profit before tax (due to changes in carrying amount of monetary assets and liabilities).

		Effect on profit/loss after tax TZS '000
Net effect based on the year end as at	10%	467,256
31 December 2022	-10%	(467,256)
Net effect based on the year end as at	10%	394,136
31 December 2021	-10%	(394,136)

The sensitivity analysis has been determined based on net exposure at 31 December 2022 and 31 December 2021. The change of 10% is what is used when determining the foreign currency transaction risk reported internally to key management personnel to assess reasonably possible changes in foreign exchange rates.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at 31 December 2022 and 2021. Included in the table are the Company's financial instruments, categorized by currency (all amounts expressed in thousands of Tanzanian Shillings):

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) Foreign exchange risk (Continued)

At 31 December 2022	USD	Euro	Others
Financial assets			
Trade and other receivables	4,611,646	-	-
Cash at Bank	575,249	-	-
Total Financial Asset	5,186,895	-	-
Financial liabilities			
Trade and other payables	(514,333)	-	-
Net currency exposure	4,672,562	-	-

At 31 December 2021	USD	Euro	Others
Financial assets			
Trade and other receivables	4,070,173	-	-
Cash at bank	506,465	-	-
	4,576,638	-	-
Financial liabilities			
Trade and other payables	(128,818)	-	-
Net currency exposure	4,447,820	-	-

ii) Price risk

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

iii) Interest rate risk

Interest rate exposure arises from interest rate movements. However, the Company does not have interest bearing financial instruments.

iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meets its contractual obligations, and arises principally from placements (bank balances) and balances with other counterparties.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

iv) Credit risk (Continued)

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

	Total TZS '000	Fully performing TZS '000	Past due but not impaired TZS '000	Impaired TZS '000
Trade receivables	6,702,009	4,508,852	-	2,193,157
Due from related parties	7,958,141	7,958,141	-	-
Cash and bank balances	24,544,636	24,544,636		
	39,204,786	37,011,629	-	2,193,157

The amount that best represents the Company's maximum exposure to credit risk as at 31 December 2021 is made up as follows:

	Total TZS '000	Fully performing TZS '000	Past due but not impaired TZS '000	Impaired TZS '000
Trade receivables	2,528,685	2,528,685	-	-
Due from related parties	8,542,640	8,542,640	-	-
Cash and bank balances	22,628,517	22,628,517		
	33,699,842	33,699,842	-	-

v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2022:

	Carrying amount TZS '000	Less than 1 year TZS '000
Financial assets		
Trade receivables	4,508,852	4,508,852
Due from related parties	7,958,141	7,958,141
Cash and bank balances	24,544,636	24,544,636
	37,011,629	37,011,629
Financial liabilities		
Trade payables	(2,211,658)	(2,211,658)
Due to employees	(521,539)	(521,539)
Due to related parties	(12,387,344)	(12,387,344)
Equipment suppliers payable	(52,193)	(52,193)
Other payables	(44,516)	(44,516)
	(15,217,250)	(15,217,250)
Net liquidity excess	21,794,379	21,794,379

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

v) Liquidity risk *(Continued)*

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2021:

	Carrying amount TZS '000	Less than 1 year TZS '000
Financial assets		
Trade receivables	2,528,685	2,528,685
Due from related parties	8,542,640	8,542,640
Cash and bank balances	22,628,517	22,628,517
	33,699,842	33,699,842
Financial liabilities		
Trade payables	(228,675)	(228,675)
Due to employees	(413,867)	(413,867)
Due to related parties	(5,284,683)	(5,284,683)
Equipment suppliers payable	(106,768)	(106,768)
Other payables	(46,657)	(46,657)
	(6,080,650)	(6,080,650)
Net liquidity excess	27,619,192	27,619,192

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

vi) Categorization of financial instruments

As at 31 December 2022	Financial assets at amortised cost TZS '000	Financial liabilities at amortized costs TZS '000	Non-financial assets and liabilities TZS '000	Equity TZS '000	Total TZS '000
Non-current assets					
Property plant and equipment	-	-	10,730,085	-	10,730,085
Deferred tax asset	-	-	2,560,680	-	2,560,680
	-	-	13,290,765	-	13,290,765
Current assets					
Trade and other receivables	12,466,993	-	701,560	-	13,168,553
Trade receivables	4,508,852	-	-	-	4,508,852
Prepayments	-	-	701,560	-	701,560
Due from related party	7,958,141	-	-	-	7,958,141
Cash and cash equivalents	24,544,636	-	-	-	24,544,636
	37,011,629	-	701,560	-	37,713,189
Total assets	37,011,629	-	13,992,325	-	51,003,954
Equity and liabilities					
Equity					
Ordinary shares	-	-	-	1,000	1,000
Retained earnings	-	-	-	13,183,057	13,183,057
Total equity	-	-	-	13,184,057	13,184,057
Current liabilities					
Trade and other payables	-	15,217,250	19,070,463	-	34,287,714
Trade payables	-	2,211,658	-	-	2,211,658
Accrued expenses	-	-	8,960,099	-	8,960,099
Due to related party	-	12,387,344	-	-	12,387,344
Dues to employees	-	521,539	-	-	521,539
Withholding tax payables	-	-	1,482,553	-	1,482,553
VAT payable	-	-	3,103,795	-	3,103,795
Excise duty payables	-	-	1,510,166	-	1,510,166
Levy			3,272,141		3,272,141
Security deposit	-	-	741,708	-	741,708
Equipment supply payable	-	52,193	-	-	52,193
Other payables	-	44,516	-	-	44,516
Income tax payable	-	-	3,532,184	-	3,532,184
Total liabilities	-	15,217,250	22,602,647	-	37,819,898
Total equity and liabilities	-	15,217,250	22,602,647	13,184,057	51,003,955

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

vi) Categorisation of financial instruments (continued)

As at 31 December 2021	Financial assets at amortised cost TZS '000	Financial liabilities at amortized costs TZS '000	Non-financial assets and liabilities TZS '000	Equity TZS '000	Total TZS '000
Non-current assets					
Property plant and equipment	-	-	11,072,400	-	11,072,400
Deferred tax asset	-	-	1,535,751	-	1,535,751
	-	-	12,608,151	-	12,608,151
Current assets					
Trade and other receivables	11,071,325	-	815,999	-	11,887,324
Trade receivables	2,528,685	-	-	-	2,528,685
Prepayments	-	-	815,999	-	815,999
Due from related party	8,542,640	-	-	-	8,542,640
Cash and cash equivalents	22,628,517	-	-	-	22,628,517
	33,699,842	-	815,999	-	34,515,841
Total assets	33,699,842	-	13,424,151	-	47,123,992
Equity and liabilities					
Equity					
Ordinary shares	-	-	-	1,000	1,000
Retained earnings	-	-	-	13,682,102	13,682,102
Total equity	-	-	-	13,683,102	13,683,102
Current liabilities					
Trade and other payables	-	6,080,650	24,860,876	-	30,941,526
Trade payables	-	228,675	-	-	228,675
Accrued expenses	-	-	12,528,290	-	12,528,290
Due to related party	-	5,284,683	-	-	5,284,683
Dues to employees	-	413,867	-	-	413,867
Withholding tax payables	-	-	704,822	-	704,822
VAT payable	-	-	2,457,955	-	2,457,955
Excise duty payables	-	-	1,258,620	-	1,258,620
Levy			7,092,382		7,092,382
Security deposit	-	-	818,807	-	818,807
Equipment supply payable	-	106,768	-	-	106,768
Other payables	-	46,657	-	-	46,657
Income tax payable	-	-	2,499,364	-	2,499,364
Total liabilities	-	6,080,650	27,360,240	-	33,440,890
Total equity and liabilities	-	6,080,650	27,360,240	13,683,102	47,123,992

5. FINANCIAL RISK MANAGEMENT (CONTIUED)

vii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Company analyses and assesses the gearing ratio to determine the level and its optimality.

viii) Fair value

The fair value of the Company's financial instruments reasonably approximates the carrying amounts.

	2022 TZS'000	2021 TZS'000
6. REVENUE		
Money transfer	159,488,786	156,869,880
Bill payments	11,920,856	7,584,942
Easy recharge commission	24,993,965	19,977,379
Other fees and charges	13,206,098	12,830,752
	209,609,705	197,262,953

7. COST OF SALES

	2022 TZS'000	2021 TZS'000
Channel commission	84,651,470	73,854,442
Interoperability cost and others	6,780,326	14,094,896
	91,431,796	87,949,338

8. ADMINISTRATIVE EXPENSES

a) ADMINISTRATIVE EXPENSE

	2022 TZS'000	2021 TZS'000
Employee benefit expenses (Note 8 (b))	2,770,493	2,959,320
Management fees (Note 15(a))	6,107,948	6,579,460
Other administrative expenses	330,997	416,412
Customer care expenses	2,687,560	2,763,683
Information technology and network costs	7,303,421	3,413,027
Consultancy fees	81,655	106,138
Professional and legal charges	38,064	97,763
Impairment provision - trade receivables	2,193,157	(8,645)
	21,513,295	16,327,158

b) EMPLOYEE BENEFIT EXPENSES

	2022 TZS'000	2021 TZS'000
Wages and salaries	2,213,150	2,250,375
Social security cost – defined contribution scheme	216,520	235,898
Other employee emoluments and benefits	340,823	473,047
	2,770,493	2,959,320

	2022	2021
	TZS'000	TZS'000

9. DISTRIBUTION EXPENSES

Sales and distribution expenses	4,283,632	4,111,049
Marketing expenses	3,042,695	3,904,554
	7,326,327	8,015,603

10. DEPRECIATION AND AMORTIZATION

Depreciation on owned assets (Note 14)	3,659,973	3,098,908

11. OTHER INCOME

During the year ended 31 December 2021, the Company recognised income on reversal of non- refundable security deposits received from Airtel Money branch partner amounting to TZS 360 million (2021: TZS 2,290 million).

12. FINANCE COST

Bank charges	23,319	17,982
Foreign exchange (expense)/gains	89,997	(5,258)
	113,316	12,724

13. INCOME TAX

(a) Income tax expense

Current tax:		
- Corporate income tax in respect of current year	26,900,883	25,535,655
- Corporate income tax in respect of prior year	(483,743)	320,534
	26,417,140	25,856,189
Deferred tax:		
- Deferred tax credit in respect of prior period	96,228	(98,064)
- Deferred tax credit in respect of current year	(1,121,157)	(290,839)
	25,392,211	25,467,286

(b) Income tax reconciliation

Profit before tax	85,925,267	84,149,387
Applicable tax rate of 30%	25,777,580	25,244,816
Tax effect of		
- Non-deductible expenditure	2,146	-
- Deferred tax credit in respect of prior period	96,228	(98,064)
- Corporate income tax in respect of prior year	(483,743)	320,534
	25,392,211	25,467,286

(c) Current income tax payable

At 1 January	2,499,364	162,764
Current tax charge (note 13(a))	26,417,140	25,856,189
Tax paid	(24,015,622)	(21,500,000)
Withholding tax recovered	(1,368,698)	(2,019,589)
	3,532,184	2,499,364

13. INCOME TAX (CONTINUED)

(d) Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% on all temporary differences using the liability method. The Company has a net deferred income tax asset as at 31 December 2022 amounting to TZS 2,560,680 (2021: TZS 1,535,751).

The temporary differences making up the deferred income tax are as presented below:

	2022 TZS'000	2021 TZS'000
Accelerated capital allowances	5,896,060	4,733,477
Provision for bad debts	2,193,157	-
Bonus accrual	422,640	288,070
Provision for annual leave	61,140	94,986
Unrealized foreign exchange difference	(37,396)	2,637
Net temporary differences	**8,535,601**	**5,119,170**
Deferred tax asset at 30%	**2,560,680**	**1,535,751**

14. EQUIPMENT

	Office equipment TZS'000	Capital work in progress TZS'000	Total TZS'000
Year ended 31 December 2022			
Cost			
At 1 January 2022	19,204,480	522,424	19,726,904
Additions	1,879,507	1,438,150	3,317,657
At 31 December 2022	21,083,987	1,960,574	23,044,561
Depreciation			
At 1 January 2022	8,654,504	-	8,654,504
Charge for the year	3,659,973	-	3,659,973
At 31 December 2022	12,314,477	-	12,314,477
Net book value			
At 31 December 2022	8,769,510	1,960,574	10,730,084
Year ended 31 December 2021			
Cost			
At 1 January 2021	13,133,637	-	13,133,637
Additions	6,070,843	522,424	6,593,267
At 31 December 2021	19,204,480	522,424	19,726,904
Depreciation			
At 1 January 2021	5,555,596	-	5,555,596
Charge for the year	3,098,908	-	3,098,908
At 31 December 2021	8,654,504	-	8,654,504
Net book value			
At 31 December 2021	10,549,976	522,424	11,072,400

15. RELATED PARTIES DISCLOSURE

Related party relationships exist between the Company, its shareholders, other companies under common ownership and the Directors of the Company.

The following are transactions and balances with related parties:

	2022 TZS'000	2021 TZS'000
a) Purchase of services during the period		
Airtel Tanzania PLC - Management services	4,319,043	6,579,460
Airtel Africa Services (UK) Ltd – Management services	1,788,905	-

b) Balance due from related parties

Name	Nature of transaction	Relationship	2022 TZS'000	2021 TZS'000
Airtel Tanzania PLC	Management services and payment on behalf	Parent Company	3,346,495	4,466,023
Airtel Mobile Commerce Limited (Malawi)	Cross border money transfer	Fellow Subsidiary	3,849,105	3,852,754
Airtel Mobile Commerce (Rwanda) Limited	Cross border money transfer	Fellow Subsidiary	13,045	-
Airtel Mobile Commerce Zambia Limited	Cross border money transfer	Fellow Subsidiary	749,496	217,419
Airtel Mobile Commerce (Kenya) Limited	Cross border money transfer	Fellow Subsidiary	-	6,444
			7,958,141	8,542,640

c) Balance due to related parties

Name	Nature of transaction	Relationship	2022 TZS'000	2021 TZS'000
Airtel Mobile Commerce (Kenya) Limited	Cross border money transfer	Fellow Subsidiary	216,013	-
Airtel Mobile Commerce (Rwanda) Limited	Cross border money transfer	Fellow Subsidiary	-	51,622
Airtel Mobile Commerce Uganda Limited	Cross border money transfer	Fellow Subsidiary	287,825	128,818
Airtel Tanzania PLC	Dividend payable	Parent Company	10,093,601	5,103,243
Airtel Africa Services (UK) Ltd	Management fee	Fellow Subsidiary	1,788,905	-
Airtel Mobile Commerce Tanzania Limited	Share capital payable	Fellow Subsidiary	1,000	1,000
			12,387,344	5,284,683

d) Key management compensation

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company.

	2022 TZS'000	2021 TZS'000
Salaries and other short-term employment benefits	1,050,667	1,098,298

e) Directors' remuneration

The Directors of the Company were paid fees and sitting allowances amounting to TZS 56.5 million during the year (2021: 28.2 million)

	2022 TZS'000	2021 TZS'000
16. TRADE AND OTHER RECEIVABLES		
Trade receivables	6,702,009	2,528,685
Due from related parties (15(b))	7,958,141	8,542,640
	14,660,150	11,071,325
Allowance for doubtful debts	(2,193,157)	-
	12,466,993	11,071,325
Prepaid expenses	701,560	815,999
	13,168,553	11,887,324
17. CASH AND CASH EQUIVALENTS		
Airtel money balance	23,151,267	17,086,892
Cash at bank	1,393,369	5,541,625
	24,544,636	22,628,517
18. SHARE CAPITAL		
Authorised, Issued and fully paid up Capital:		
1,000 ordinary shares of TZS 1,000 each	1,000	1,000
19. TRADE AND OTHER PAYABLES		
Trade payables	2,211,658	228,675
Accrued expenses	8,960,099	12,528,290
Dues to employees	521,539	413,867
Due to related party (note 15(c))	12,387,344	5,284,683
Equipment supply payables	52,193	106,768
Excise duty payables	1,510,166	1,258,620
Withholding tax payable	1,482,553	704,822
VAT payable	3,103,795	2,457,955
Levy payable	3,272,141	7,092,382
Security deposits	741,708	818,807
Other payables	44,516	46,657
	34,287,712	30,941,526

20. DIVIDEND

During the year Directors declared an interim dividend in respect of the financial year ended 31 December 2022 of TZS 47,350 million. The Directors propose the payment of a final dividend of TZS 13,150 million in respect of the year ended 31 December 2022, resulting in total dividend for the year ended 31 December 2022 amounting to TZS 60,500 million. The proposed final dividend in respect of financial year ended 31 December 2022 amounting to TZS 13,150 million is subject to approval by the shareholders.

During the year 2022, out of TZS 47,350 million interim dividend declared with respect to the financial year ended 31 December 2022, the Company paid TZS 37,256.4 million and TZS 13,682.1 million with respect to the financial year ended 31 December 2021, resulting in total dividend payment of TZS 50,938.5 million.

21. CONTINGENT LIABILITIES

There were no contingencies as at 31 December 2022 which may possibly result in loss to the Company (2021: Nil).

22. COMMITMENTS

The Company had no commitments as at 31 December 2022 (2021: Nil).

23. ULTIMATE HOLDING COMPANY

Airtel Money Tanzania Limited is part of the Bharti Airtel Group of Companies. The Company's direct shareholders are Airtel Tanzania PLC, incorporated and domiciled in Tanzania and Bharti Airtel Tanzania B.V., incorporated and domiciled in the Netherlands. Ultimate controlling entity effectively from November 3, 2017 is Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Mittal's family trust effectively controlling the Company. The step-up parent company that produces consolidated financial statements for public use within the Group is Bharti Airtel Limited, a company incorporated and domiciled in India.

24. OTHER MATTERS

On 30 June 2021, the President approved the Finance Act, 2021 which included the amendments to the National Payment System Act (NPS Act) and Electronic & Postal and Communication Act (EPOCA) – introducing levies on mobile money transfer transactions.

For mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021. Subsequent to the implementation and following continuous engagements with the relevant Government stakeholders, the following amendments were implemented:

a) September 2021: an initial 30% levy reduction, to a maximum levy of TZS7 000.
b) July 2022: an additional 43% reduction to the maximum levy band was passed through the Finance Act 2022, marking a cumulative 60% reduction since the levy's introduction. This reduction set the maximum levy chargeable at TZS4 000. The Finance Act also re-defined the scope of the levy, to also include withdrawal and transfers through banks which were earlier excluded. The levy, which was previously chargeable on mobile transactions only, also became applicable to transfers between mobile accounts, between bank accounts and across mobile and bank accounts. For withdrawals, the levy was extended to capture withdrawals from automated teller machines (ATM).
c) October 2022: through a special supplement to the National Payment System (Electronic Money Transactions levy) (Amendment Regulations) the maximum levy chargeable was set at TZS2 000, equivalent to 20% of the levy charged at introduction. This decision reduces further the end-user charges, and is expected to meaningfully revive and accelerate our contribution to the financial inclusion agenda, through the use of mobile financial services

25. COMPARATIVE FIGURES

Where necessary comparative figure have been adjusted to conform to change in presentation in current year.

26. EVENTS SUBSEQUENT TO THE YEAR END

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.