

Bharti Airtel (UK) Limited
Ind AS Special Purpose Financial Statements
March 2023

BHARTI AIRTEL (UK) LIMITED

Ind AS Special Purpose Financial Statements – March 2023

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Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF BHARTI AIRTEL (UK) LIMITED

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **Bharti Airtel (UK) Limited** ("the Company"), which comprise the Special Purpose Balance Sheet as at March 31, 2023, the Special Purpose Statement of Profit and Loss (including Other Comprehensive Income), the Special Purpose Statement of Changes in Equity and the Special Purpose Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Special Purpose Financial Statements"). These Special Purpose Financial Statements are prepared solely for inclusion in the annual report of Bharti Airtel Limited for the year ended March 31, 2023 under the requirements of section 129(3) of the Companies Act, 2013.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give a true and fair view in conformity with the basis of preparation referred to in Note 2.1 of the Special Purpose Financial Statements, of the state of affairs of the Company as at March 31, 2023, the income and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Emphasis of Matter - Basis of Preparation and Restriction on Use

We draw attention to Note 2.1 to the Special Purpose Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Financial Statements have been prepared by the Company solely for inclusion in the annual report of Bharti Airtel Limited for the year ended March 31, 2023 under the requirements of section 129(3) the Companies Act 2013. As a result, the Special Purpose Financial Statements may not be suitable for another purpose. Our report is intended solely for the use of management and Board of Directors for the above purpose and should not be distributed to or used by any other parties.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial

performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis described in Note 2.1 of the Special Purpose Financial Statements.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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 financial 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 management.
- Conclude on the appropriateness of management's 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 Special Purpose 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.

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

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

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

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)



Nilesh H. Lahoti
Partner
(Membership Number: 130054)
(UDIN: 23130054BGYZDV4902)

Place: Gurugram
Date: July 28, 2023

Ind AS Special Purpose Financial Statements

BHARTI AIRTEL (UK) LIMITED
Special Purpose Balance Sheet
(All amounts are in GBP; unless stated otherwise)

	Notes	As of		
		March 31, 2023	March 31, 2023	March 31, 2022
		Unaudited (Rs. '000)	Audited	Audited
Assets				
Non-current assets				
Property, plant and equipment	4	320,184	3,144,539	3,610,771
Capital work-in-progress	4	27,258	267,704	18,612
Other assets	5	3,533,717	34,704,721	23,123,818
		3,881,159	38,116,964	26,753,201
Current assets				
Financial assets				
- Trade receivables	7	4,203,212	41,279,849	21,819,003
- Loans	6	6,055,578	59,471,981	37,597,608
- Cash and cash equivalents	8	1,351,548	13,273,587	10,462,890
- Unbilled revenue	17	1,459,402	14,332,823	19,997,867
- Others	9	336,457	3,304,351	1,182,401
Current tax assets (net)		-	-	374,438
Other current assets	10	384,063	3,771,890	2,780,013
		13,790,260	135,434,481	94,214,220
Total assets		17,671,419	173,551,445	120,967,421
Equity and Liabilities				
Equity				
Equity share capital	11	34,002	333,935	333,935
Other equity		2,882,988	28,313,898	13,450,053
Total equity		2,916,990	28,647,833	13,783,988
Non-current liabilities				
Deferred revenue	17	3,381,646	33,211,229	14,114,838
Deferred tax liabilities (net)	13	70,280	690,226	396,674
		3,451,926	33,901,455	14,511,512
Current liabilities				
Financial liabilities				
- Trade payables				
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	8,766,687	86,097,852	76,664,910
- Others	15	378,717	3,719,391	593,745
Deferred revenue	17	2,018,760	19,826,289	15,407,399
Provisions	16	425	4,176	5,867
Current tax liabilities (net)		137,914	1,354,449	-
		11,302,503	111,002,157	92,671,921
Total liabilities		14,754,429	144,903,612	107,183,433
Total equity and liabilities		17,671,419	173,551,445	120,967,421

The accompanying notes 1 to 32 form an integral part of these Special Purpose Financial Statements.

As per our report of even date
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)



Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram, India

For and on behalf of the Board of Directors of Bharti Airtel (UK) Limited



Jantina Catharina Van De Vreede
Director

Place: Amsterdam



Simon Andrew O'Hara
Director

Place: London

Date: July 28, 2023

BHARTI AIRTEL (UK) LIMITED
Special Purpose Statement of Profit and Loss
(All amounts are in GBP; unless stated otherwise)

Particulars	Notes	For the year ended		
		March 31, 2023	March 31, 2023	March 31, 2022
		Unaudited (Rs. '000)	Audited	Audited
Income				
Revenue from operations	17	42,547,941	417,864,396	345,590,842
Other income	18	247,119	2,426,959	1,035,513
		42,795,060	420,291,355	346,626,355
Expenses				
Cost of goods sold		620,667	6,095,590	3,126,390
Network operating expenses	19	3,345,511	32,856,345	29,638,095
Access charges		36,266,416	356,173,387	299,596,993
Licence fee / spectrum charges		35,204	345,739	270,406
Employee benefits expense	20	268,483	2,636,781	2,281,790
Other expenses	21	241,141	2,368,257	1,103,429
		40,777,422	400,476,099	336,017,103
Profit before depreciation, finance costs and tax				
Depreciation expense	22	89,603	879,996	766,855
Finance costs	23	43,659	428,775	-
Profit before tax		1,884,376	18,506,485	9,842,397
Tax expense				
Current tax	24	360,780	3,543,231	424,456
Deferred tax	24	29,890	293,552	1,906,626
Total tax expense		390,670	3,836,783	2,331,082
Profit for the year		1,493,706	14,669,702	7,511,315
Other comprehensive income ('OCI')				
Items to be reclassified subsequently to profit or loss:				
- Net gain due to foreign currency translation differences		19,768	194,143	505,462
Other comprehensive income for the year		19,768	194,143	505,462
Total comprehensive income for the year		1,513,474	14,863,845	8,016,777
Earnings per share (in Rupees / GBP) (Face value of GBP 1 each)				
Basic and Diluted earning per share	30	4,473.04	43.93	22.49

The accompanying notes 1 to 32 form an integral part of these Special Purpose Financial Statements.

As per our report of even date
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)



Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram, India

For and on behalf of the Board of Directors of Bharti Airtel (UK) Limited



Jantina Catharina Van De Vreede
Director

Place: Amsterdam



Simon Andrew O'Hara
Director

Place: London

Date: July 28, 2023

BHARTI AIRTEL (UK) LIMITED
Special Purpose Statement of Changes in Equity
(All amounts are in GBP; unless stated otherwise)

	Equity Share capital		Other equity - Reserve & Surplus			Total	Total Equity
	No. of shares	Share capital	Share premium	Retained earnings	Foreign currency translation reserve		
As of April 1, 2021	333,935	333,935	3,005,411	3,908,171	(1,480,306)	5,433,276	5,767,211
Profit for the year	-	-	-	7,511,315	-	7,511,315	7,511,315
Other comprehensive income for the year	-	-	-	-	505,462	505,462	505,462
Total comprehensive income	-	-	-	7,511,315	505,462	8,016,777	8,016,777
As of March 31, 2022 and April 1, 2022	333,935	333,935	3,005,411	11,419,486	(974,844)	13,450,053	13,783,988
Profit for the year	-	-	-	14,669,702	-	14,669,702	14,669,702
Other comprehensive income for the year	-	-	-	-	194,143	194,143	194,143
Total comprehensive income	-	-	-	14,669,702	194,143	14,863,845	14,863,845
As of March 31, 2023	333,935	333,935	3,005,411	26,089,188	(780,701)	28,313,898	28,647,833

The accompanying notes 1 to 32 form an integral part of these Special Purpose Financial Statements.

As per our report of even date

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W / W-100018)

For and on behalf of the Board of Directors of Bharti Airtel (UK) Limited



Nilesh H. Lahoti
Partner

Membership No: 130054

Place: Gurugram, India



Jantina Catharina Van De Vreede
Director

Place: Amsterdam



Simon Andrew O'Hara
Director

Place: London

Date: July 28, 2023

BHARTI AIRTEL (UK) LIMITED
Special Purpose Statement of Cash flows
(All amounts are in GBP; unless stated otherwise)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Cash flows from operating activities		
Profit before tax	18,506,485	9,842,397
Adjustments for:		
Depreciation expense	879,996	766,855
Interest income	(2,259,576)	(434,936)
Finance income	(447,485)	(436,534)
Other non-cash items	1,594,805	394,482
Operating cash flow before changes in assets and liabilities	18,274,225	10,132,264
Changes in assets and liabilities		
Trade receivables	(19,774,090)	(13,499,118)
Trade payables	9,033,824	9,922,826
Other financial and non-financial liabilities	23,118,678	27,743,162
Other financial and non-financial assets	(5,580,152)	(16,239,177)
Net cash generated from operations before tax	25,072,485	18,059,957
Income tax (paid) - net	(1,814,344)	(383,143)
Net cash generated from operating activities (a)	23,258,141	17,676,814
Cash flows from investing activities		
Sale / (purchase) of property, plant and equipment	1,958,668	(2,010,376)
Loans given	(21,874,373)	(7,194,585)
Interest received	137,626	157,470
Net cash used in investing activities (b)	(19,778,079)	(9,047,491)
Cash flows from financing activities		
Interest and other finance charges paid	-	-
Net cash used in financing activities (c)	-	-
Net increase in cash and cash equivalents during the year (a+b+c)	3,480,062	8,629,323
Add : Cash and cash equivalents as at the beginning of the year	10,462,890	1,911,083
Effect of foreign exchange translation	(669,365)	(77,516)
Cash and cash equivalents as at the end of the year (refer note 8)	13,273,587	10,462,890

The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Ind AS 7 'Statement of Cash Flows'.

The accompanying notes 1 to 32 form an integral part of these Special Purpose Financial Statements.

As per our report of even date
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

For and on behalf of the Board of Directors of Bharti Airtel (UK) Limited



Niles H. Lahoti
Partner
Membership No: 130054
Place: Gurugram, India



Jantina Catharina Van De Vreede
Director

Place: Amsterdam



Simon Andrew O'Hara
Director

Place: London

Date: July 28, 2023

BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

1. Corporate Information

Bharti Airtel (UK) Limited ('the Company') is domiciled and incorporated in United Kingdom under the UK Companies Act 2006 as a private limited Company. The registered office of the Company is located at 10 Queen Street Place, London, EC4R 1AG, United Kingdom.

The principal activity of the Company is the operation and provision of telecommunication facilities and services including international wholesale voice, wholesale bandwidth and other related telecommunication services to carrier customers and to third party customers of its own.

The company's immediate parent company is Bharti International (Singapore) Pte. Ltd., a private limited Company incorporated in Singapore.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Special Purpose Financial Statements ('financial statements') have been prepared by the Company solely to assist Bharti Airtel Limited ('Ultimate parent company') for its consolidation purpose and to comply with the requirements under Companies Act 2013 ('Act'). These financial statements have been prepared by the Company to comply in all material respects with the Indian Accounting Standard ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act.

The financial statements are approved for issue by the Company's Board of Directors on July 28, 2023.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Act. Further, for the purpose of clarity, various items are aggregated in the Statement of Profit and Loss and Balance Sheet. Nonetheless, these items are disaggregated separately in the notes to the financial statements, where applicable or required.

These financial statements are presented in Great Britain Pound ('GBP'), whereas the functional currency of the Company is USD '\$'. Therefore, all the amounts included in financial statements are reported in 'GBP', unless stated otherwise.

The translation of GBP to Rupee amounts is unaudited and is included solely for readers in India and has been calculated using the rate of GBP 1= Rs. 101.8224, as on March 31, 2023. Such translations should not be constructed as representations that the Rupee amounts represent, or have been or could be converted into GBP at that or any other rate.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgements in the process of applying the Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity are disclosed in Note 3.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said financial statements, except in case of adoption of any new standards and amendments during the year.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items.

New amendments adopted during the year

BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

MCA vide notification no. G.S.R. 255(E) dated March 23, 2022 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends following Ind AS (as applicable to the company):

- Ind AS 109, Financial Instruments
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after the April 1, 2022, however, these do not have material impact on the financial statements of the Company.

Amendments to IND AS issued but not yet effective

MCA vide notification no. G.S.R. 242(E) dated March 31, 2023 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends following Ind AS (as applicable to the Company):

- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 12, Income Taxes
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are applicable for annual periods beginning on or after April 1, 2023. The Company has evaluated the amendments and the impact is not expected to be material.

2.2 Basis of measurement

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or a liability can be transferred, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

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

The three levels of the fair-value-hierarchy are described below:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable.

2.3 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

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

BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

reporting period, or cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve 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 twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.4 Going Concern

The Directors believe that the Company has considerable financial resources. The Directors' assessment has been made with reference to the Company's forecasts of positive future cash inflows, the strategy, the Board's risk appetite and Company's principal risks and how these are managed. As a consequence, the Directors believe that the Company is well placed to manage its business successfully and has adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis in preparing these financial statements.

2.5 Property, plant and equipment ('PPE')

An item of PPE 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 are 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.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced in 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 Balance Sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of replaced part at the time it was acquired.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work-in-progress. Advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed under other non-current assets.

The expenditures that are incurred after the item of PPE has been available for use, such as repairs and maintenance, are normally charged to the statement of profit and loss 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.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives which are as follows:

Plant & machinery	-	1 to 10 years
Computers	-	1 to 5 years

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method is accounted prospectively, and accordingly the

BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are derecognised from the Balance Sheet and the resulting gains / (losses) are included in the Statement of Profit and Loss within other income / other expenses.

Impairment of non-financial assets

PPE (including CWIP) 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 the statement of profit and 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.

Reversal of impairment losses

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

2.6 Financial instruments

a. Recognition, classification and presentation

The financial instruments are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss, and b) those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all the 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 Balance Sheet, 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.

b. Measurement – Non-derivative financial instruments

I. Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. All financial liabilities are recognised initially at fair value, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Statement of Profit and Loss.

II. Subsequent measurement - financial assets

BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

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

i. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at 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 other income.

ii. Financial assets at fair value through profit or loss ('FVTPL')

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the Statement of Profit and Loss within other income separately from the other gains / losses arising from changes in the fair value.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 months, expected credit loss (ECL) is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

III. Subsequent measurement - financial liabilities

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

c. Derecognition

The financial liabilities are derecognised from the Balance Sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are derecognised from the Balance Sheet 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 resultant impact of derecognition is recognised in the Statement of Profit and Loss.

2.7 Functional and foreign currency transactions

Functional currency

The financial statements are presented in Great Britain Pound ('GBP') whereas the functional currency of the Company is United States Dollar ('USD').

Transactions and balances

These financial statements are presented in GBP as the Company is domiciled in United Kingdom and most of the external users of the financial statements are located in United Kingdom. Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date with resulting exchange difference recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign

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currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss of the item that gave rise to such exchange difference (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income is also recognised in other comprehensive income).

2.8 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers. When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

a. Service revenue

Service revenues mainly pertain to usage for voice, data, messaging and value added services.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

The Company recognises revenue from these services as they are provided. Revenue is recognised based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided. Revenues in excess of invoicing are classified as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers.

b. Equipment sales

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer, i.e. transferred at a point in time.

c. Interest income

The interest income is recognised using the EIR method. For further details, refer note 2.6.

2.9 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the Statement of Profit and Loss.

a. Current tax

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess / (shortfall) of the Company's income tax obligation for the period are recognised in the Balance Sheet under assets as income tax assets / under current liabilities as current tax liabilities.

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

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The Company considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Company concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax is also recognised in respect of carried forward losses and tax credits. Deferred tax is not recognised if it arises from 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 or loss.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Company considers the projected future taxable income and tax planning strategies in making this assessment.

The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relates to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.10 Employee benefits

The Company's employee benefits mainly include wages, salaries and bonuses. The employee benefits are recognised in the period in which the associated services are rendered by the Company employees. Short-term employee benefits are recognised in statement of profit and loss at undiscounted amounts during the period in which the related services are rendered.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the said obligation, and the amounts of the said obligation can be reliably estimated.

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

2.12 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.

2.13 Inventories

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of Cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of cash and cash equivalents.

2.15 Share capital

Ordinary shares are classified as Equity when the Company has an unconditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect.

2.16 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS data.

Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

3. Key sources of estimation uncertainties and critical judgements

The estimates and judgements used in the preparation of the said financial statements are continuously evaluated by the Company, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. The said estimates and judgements are based on the facts and events, that existed as at the

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reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the year in which they become known.

3.1 Key sources of estimation uncertainties

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

a. Allowance for impairment of trade receivables

The expected credit loss 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.

3.2 Critical judgements in applying the Company's accounting policies

a. Revenue recognition and presentation

The Company assesses its revenue arrangements in order to determine if it is acting as a principal or as an agent by determining whether it has primary obligation basis pricing latitude and exposure to credit / inventory risks associated with the sale of goods / rendering of services.

In the said assessment, both the legal form and substance of the agreement are reviewed to determine each party's role in the transaction.

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4. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2023 and March 31, 2022.

	Plant & machinery	Computers	Total
Gross carrying value			
As of April 1, 2021	8,704,963	13,216	8,718,179
Additions	271,157	-	271,157
Currency translation	380,666	559	381,225
As of March 31, 2022	9,356,786	13,775	9,370,561
As of April 1, 2022	9,356,786	13,775	9,370,561
Additions	62,274	101,974	164,248
Currency translation	596,718	(834)	595,884
As of March 31, 2023	10,015,778	114,915	10,130,693
Accumulated depreciation			
As of April 1, 2021	4,749,810	13,213	4,763,023
Charge for the year	766,855	-	766,855
Currency translation	229,353	559	229,912
As of March 31, 2022	5,746,018	13,772	5,759,790
As of April 1, 2022	5,746,018	13,772	5,759,790
Charge for the year	861,645	18,351	879,996
Currency translation	345,795	573	346,368
As of March 31, 2023	6,953,458	32,696	6,986,154
Net carrying value			
As of March 31, 2023	3,062,320	82,219	3,144,539
As of March 31, 2022	3,610,768	3	3,610,771

The carrying value of capital work-in-progress as at March 31, 2023 and March 31, 2022 is GBP 267,704 and GBP 18,612 respectively which mainly pertains to plant and machinery.

CWIP ageing for the year ended March 31, 2023:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (net of provision)	239,004	28,700	-	-	267,704
	239,004	28,700	-	-	267,704

CWIP ageing for the year ended March 31, 2022:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (net of provision)	18,612	-	-	-	18,612
	18,612	-	-	-	18,612

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5. Other non-current assets

	As of	
	March 31, 2023	March 31, 2022
Prepaid expenses	34,704,721	23,123,818
	34,704,721	23,123,818

6. Loans

Current

	As of	
	March 31, 2023	March 31, 2022
Loans *	59,471,981	37,597,608
	59,471,981	37,597,608

* Loans is given to Network i2i Limited at average interest rate of 3.94% (previous year 1.23%). Loan amount is unsecured and bear an average interest which is LIBOR for three months ended plus margin of 115 basis points (previous year 110 basis point).

7. Trade receivables

	As of	
	March 31, 2023	March 31, 2022
Trade receivables considered good, unsecured *	46,457,034	25,124,729
Less: Allowance for doubtful receivables	(5,177,185)	(3,305,726)
	41,279,849	21,819,003

* Includes amount due from related parties (refer note 28).

The movement in allowances for doubtful receivables is as follows:

	For the year ended	
	March 31, 2023	March 31, 2022
Opening balance	3,305,726	2,780,841
Additions	1,871,459	524,885
Balance at the end of the year	5,177,185	3,305,726

Trade Receivables ageing as on March 31, 2023:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	36,347,851	5,619,859	1,334,156	1,333,418	326,581	1,495,169	46,457,034
	36,347,851	5,619,859	1,334,156	1,333,418	326,581	1,495,169	46,457,034
Less: allowance for doubtful receivables							(5,177,185)
							41,279,849

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Trade Receivables ageing as on March 31, 2022:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	17,856,721	4,856,609	467,157	506,077	520,688	917,477	25,124,729
	17,856,721	4,856,609	467,157	506,077	520,688	917,477	25,124,729
Less: allowance for doubtful receivables							(3,305,726)
							21,819,003

8. Cash and cash equivalents

	As of	
	March 31, 2023	March 31, 2022
Balance with banks		
- on current accounts	13,273,586	10,462,889
Cash on hand	1	1
	13,273,587	10,462,890

9. Other financial assets

Current

	As of	
	March 31, 2023	March 31, 2022
Interest accrued*	3,304,351	1,182,401
	3,304,351	1,182,401

* Interest accrued pertains to loan outstanding from Network i2i Limited.

10. Other assets

Current

	As of	
	March 31, 2023	March 31, 2022
Prepaid expenses	3,619,798	2,651,897
Advances to suppliers	2	15,843
Taxes recoverable	152,090	112,273
	3,771,890	2,780,013

11. Equity Share Capital

	As of	
	March 31, 2023	March 31, 2022
Authorised shares		
333,935 equity shares of GBP 1 each	333,935	333,935
Issued, Subscribed and fully paid-up shares		
333,935 equity shares of GBP 1 each	333,935	333,935

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a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	For the year ended			
	March 31, 2023		March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	333,935	333,935	333,935	333,935
Outstanding at the end of the year	333,935	333,935	333,935	333,935

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of GBP 1 per share. Each holder of equity shares is entitled to cast one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

c) Details of shareholding as per the register of shareholder holding more than 5% shares in the Company

	As of			
	March 31, 2023		March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
Equity shares of GBP 1 each fully paid up				
Bharti International (Singapore) Pte. Ltd.	333,935	100%	333,935	100.00%

12. Other equity

- (i) **Retained earnings:** Retained earnings represents the amount of accumulated earning of the Company.
- (ii) **Foreign currency translation reserve:** The amount of foreign currency translation reserve is due to translation of functional currency into presentation currency.
- (iii) **Securities Premium:** Securities premium represents the amounts received in respect of called up share capital in excess of the nominal amount.

13. Deferred tax (asset) / liability

	For the year ended	
	March 31, 2023	March 31, 2022
As at beginning of year	396,674	(1,509,952)
Reversal of previously recognised deferred tax	-	36,572
Tax expense recognised during the year	293,552	1,870,054
As at end of year	690,226	396,674

Deferred tax liability / (asset) relates to the following:

	As of	
	March 31, 2023	March 31, 2022
Accelerated capital allowances	367,766	400,044
Tax losses carried forward and other deductions	322,460	(3,370)
	690,226	396,674

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Deferred tax expense / (credit):

	For the year ended	
	March 31, 2023	March 31, 2022
Provision for employees dues	177	(2,312)
Accelerated capital allowance	(32,279)	188,263
Tax losses carried forward and other deductions	325,654	1,720,675
Net deferred tax expense	293,552	1,906,626

The statutory corporation tax rate in UK will increase from 19% to 25% with effect from April 1, 2023.

14. Trade payables

	As of	
	March 31, 2023	March 31, 2022
Total outstanding dues of creditors other than micro enterprises and small enterprises*	86,097,852	76,664,910
	86,097,852	76,664,910

* Includes amount due to related parties (refer note 28)

Trade Payables ageing as on March 31, 2023:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1	1-2 years	2-3 years	More than 3	
			year				
Undisputed dues	31,452,115	37,068,138	5,568,131	6,188,690	2,580,390	3,240,388	86,097,852
	31,452,115	37,068,138	5,568,131	6,188,690	2,580,390	3,240,388	86,097,852

Trade Payables ageing as on March 31, 2022:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1	1-2 years	2-3 years	More than 3	
			year				
Undisputed dues	31,737,273	28,930,355	10,104,504	2,821,511	2,440,973	630,294	76,664,910
	31,737,273	28,930,355	10,104,504	2,821,511	2,440,973	630,294	76,664,910

15. Other financial liabilities

Current

	As of	
	March 31, 2023	March 31, 2022
Payable against capital expenditure	2,948,387	576,380
Others	771,004	17,365
	3,719,391	593,745

16. Provisions

Current

	As of	
	March 31, 2023	March 31, 2022
Provision for leave encashment	4,176	5,867
	4,176	5,867

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17. Revenue from operations

	For the year ended	
	March 31, 2023	March 31, 2022
Service revenue	411,423,451	342,150,714
Sale of products	6,440,945	3,440,128
	417,864,396	345,590,842

Disaggregation of Revenue

Revenue is disaggregated by timing of revenue recognition and major products / service lines are as follows:

Timing of revenue recognition

	For the year ended	
	March 31, 2023	March 31, 2022
Products transferred at a point in time	6,440,945	3,440,128
Services transferred over time	411,423,451	342,150,714
	417,864,396	345,590,842

Major product / service lines

	For the year ended	
	March 31, 2023	March 31, 2022
Voice Revenue	304,132,624	268,714,507
Messaging Revenue	70,201,082	40,856,732
Data Revenue	37,089,745	32,579,475
Equipment sale	6,440,945	3,440,128
	417,864,396	345,590,842

Contract Balances

The following table provides information about unbilled revenue and deferred revenue from contract with customers:

	As of	
	March 31, 2023	March 31, 2022
Unbilled revenue	14,332,823	19,997,867
Deferred revenue		
-Current	19,826,289	15,407,399
-Non-Current	33,211,229	14,114,838

Significant changes in the unbilled revenue and deferred revenue balances during the year are as follows:

	For the year ended	
	March 31, 2023	
	Unbilled Revenue	Deferred Revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	-	15,407,399
Increases due to cash received, excluding amounts recognised as revenue during the year	-	63,359,317
Transfers from unbilled revenue recognised at the beginning of the year to receivables	19,997,867	-

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18. Other income

	For the year ended	
	March 31, 2023	March 31, 2022
Provision written back	-	6,066
Interest income	2,259,576	434,936
Net exchange gain	-	285,043
Miscellaneous income	167,383	309,468
	2,426,959	1,035,513

19. Network operating expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Repair and maintenance	2,609,111	2,014,287
Internet bandwidth and leasedline charges	29,809,526	27,304,989
Others	437,708	318,819
	32,856,345	29,638,095

20. Employee benefits expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Salaries and wages	41,121	144,214
Social security costs	28,518	32,829
Directors' remuneration	-	9,006
Allowances and bonus	2,567,142	2,095,741
	2,636,781	2,281,790

21. Other expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Allowance for doubtful debts	1,590,180	388,564
Consultancy charges*	117,334	128,321
Bad debts written off	448	51
Sales & marketing expenses	137,860	165,505
Other administrative expenses	522,435	420,988
	2,368,257	1,103,429

* Details of Auditor's remuneration included in consultancy charges:

	For the year ended	
	March 31, 2023	March 31, 2022
Audit fees	10,727	9,391
	10,727	9,391

22. Depreciation expense

	For the year ended	
	March 31, 2023	March 31, 2022
Depreciation	879,996	766,855
	879,996	766,855

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23. Finance cost

	For the year ended	
	March 31, 2023	March 31, 2022
Bank charges	107,718	-
Net exchange loss	321,057	-
	428,775	-

24. Tax expense

	For the year ended	
	March 31, 2023	March 31, 2022
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	3,543,231	424,456
Deferred tax		
Origination and reversal of timing differences	293,552	1,906,626
Total Deferred tax	293,552	1,906,626
Income tax expense	3,836,783	2,331,082
Reconciliation of tax expenses		
Profit before tax	18,506,485	9,842,397
Tax at effective rate of 19%	3,516,232	1,870,055
Adjustments:		
Expenses not deductible for tax purpose	(79,350)	-
Adjustments in respect of prior periods	399,901	424,456
Reversal of previously recognised tax expense	-	36,571
Income tax expense recognised in income statement	3,836,783	2,331,082

25. Capital Commitments

The company has contractual commitments towards capital expenditure (net of related advances) of GBP 29,784,285 and GBP 6,774,414 as of March 31, 2023 and March 31, 2022 respectively.

26. Financial and Capital risk

Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risk management seeks to minimize potential adverse effects of these risks on the financial performance of the Company. The Company has established risk management policies, guidelines and control procedures to manage its exposure to financial risks.

(i) Credit risk:

Credit risk refers to the risk of default on its obligation by the counter-party, the risk of deterioration of credit-worthiness of the counter-party as well as concentration risks of financial assets, and thereby exposing the Company to potential financial losses.

The Company is exposed to credit risk mainly with respect to trade receivables (other than group entities). The trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a number of independent customers including group entities. Revenue earned from the related parties is disclosed in Note 28. The credit period provided by the Company to its customers (other than Group entities), generally ranges between 0-90 days.

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(All amounts are in GBP; unless stated otherwise)

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 the ordinary course of business.

Consequently, the allowance for impairment of trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables.

Cash and cash equivalents are placed with reputed financial banks / institutions.

Loan to related parties is unsecured and repayable on demand. The Directors have considered that the loan to related parties to have low credit risk. Accordingly, no ECL provision has been recognised in relation to these balances as the amounts are not material. Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Company are current and hence payable within next one year, amounting to GBP 113,718,096 and GBP 77,258,655 as at March 31, 2023 and March 31, 2022, respectively.

(iii) Interest rate risk:

As the Company does not have exposure to any floating-interest bearing financial assets or liabilities, it is not affected to changes in market interest rates.

(iv) Foreign currency risk:

The Company has foreign currency trade payables, receivables. However, foreign exchange exposure mainly arises from trade payables and accrued expenses denominated in foreign currencies. Consequently, the Company is mainly exposed to foreign exchange risks related to foreign currencies vis-à-vis the functional currencies.

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BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the exchange rates against the functional currency of the Company.

	Change in currency exchange rate	Effect on profit before tax
For the year ended March 31, 2023		
EUR	5%	(22,083)
	-5%	22,083
GBP	5%	(48,240)
	-5%	48,240
INR	5%	(50)
	-5%	50
SGD	5%	(20)
	-5%	20
For the year ended March 31, 2022		
EUR	5%	(22,018)
	-5%	22,018
GBP	5%	(64,274)
	-5%	64,274
INR	5%	(50)
	-5%	50
SGD	5%	(121)
	-5%	121

Currency profile

	Financial liabilities March 31, 2023	Financial liabilities March 31, 2022
EUR	(441,662)	(440,355)
GBP	(964,808)	(1,285,479)
INR	(993)	(993)
SGD	(409)	(2,422)
	(1,407,872)	(1,729,249)

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the respective USD while assuming all other variables to be constant.

Capital risk

Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

BHARTI AIRTEL (UK) LIMITED
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(All amounts are in GBP; unless stated otherwise)

The Company monitors capital using a gearing ratio, which is net debt divided by a total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

Net Gearing Ratio: Since the company is not having any debt, gearing ratio has not been calculated.

27. Fair value of financial assets and liabilities

The category wise details as to the carrying value and fair value of the Company's financial instruments are as follows:

	Carrying value as of		Fair value as of	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial assets				
Measured at amortised cost				
Loans	59,471,981	37,597,608	59,471,981	37,597,608
Trade receivables	41,279,849	21,819,003	41,279,849	21,819,003
Cash and cash equivalents	13,273,587	10,462,890	13,273,587	10,462,890
Unbilled revenue	14,332,823	19,997,867	14,332,823	19,997,867
Other financial assets	3,304,351	1,182,401	3,304,351	1,182,401
	131,662,591	91,059,769	131,662,591	91,059,769
Financial liabilities				
Measured at amortised cost				
Trade payables	86,097,852	76,664,910	86,097,852	76,664,910
Other financial liabilities	3,719,391	593,745	3,719,391	593,745
	89,817,243	77,258,655	89,817,243	77,258,655

The carrying value of loans, deposits, trade receivables, trade payables, other current financial assets and liabilities approximate their fair value mainly due to the short term maturities of these instruments.

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BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

28. Related party disclosure

In accordance of the requirement of Ind AS- 24 on Related Party Disclosures, the name of the related parties where control exists and / or with whom transactions have taken place during the year and description of the relationships are as following:

List of related parties

Bharti International (Singapore) Pte. Ltd.
 Bharti Airtel Limited
 Network I2I Limited
 Bharti Enterprise (Holding) Private Limited
 Bharti Airtel Services Limited
 Bharti Airtel (USA) Limited
 Jersey Airtel Limited
 Bharti Airtel (Hongkong) Limited
 Bharti Airtel (France) SAS
 Bharti Airtel International (Netherlands) B.V.
 Airtel (Seychelles) Limited
 Airtel Networks Limited
 Airtel Congo S.A
 Airtel Gabon S.A.
 Airtel Madagascar S.A.
 Airtel Malawi plc
 Airtel Networks Kenya Limited
 Airtel Networks Zambia Plc
 Airtel Rwanda Limited
 Airtel Tanzania plc
 Airtel Tchad S.A.
 Airtel Uganda Limited
 Celtel Niger S.A.
 Airtel Congo (RDC) S.A.
 Bharti Airtel Lanka (Private) Limited
 Nextra Data Limited
 Airtel Africa Telesonic Limited
 Singapore Telecommunications Limited

Relationship

Parent Company
 Intermediate Parent Company
 Intermediate Parent Company
 Ultimate controlling entity
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
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 Fellow Subsidiary
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 Fellow Subsidiary
 Fellow Subsidiary
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 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Fellow Subsidiary
 Other related party

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BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

In the ordinary course of business, there are certain transactions with the related parties, and all these transactions are on arm length basis. The transactions with related parties for the year ended March 31, 2023 and March 31, 2022 respectively, are described below:

The significant related party transactions are summarised below:

S. No. Particulars	For the year ended	
	March 31, 2023	March 31, 2022
1 Rendering of services		
Bharti Airtel Limited	96,124,032	61,871,032
Bharti Airtel Lanka (Private) Limited	-	(45,879)
Bharti Airtel (USA) Limited	81,963	75,197
Bharti Airtel (Hongkong) Limited	1,563	16,700
Bharti International (Singapore) Pte. Ltd.	1,125,112	882,078
Network i2i Limited	38,377	52,453
Bharti Airtel (France) SAS	1,456,629	469,874
Jersey Airtel Limited	10,041	6,978
Bharti Airtel International (Netherlands) B.V.	13,588,768	8,548,500
Airtel (Seychelles) Limited	351,681	414,298
Airtel Networks Limited	16,729,067	14,496,807
Airtel Congo S.A	1,959,123	2,437,585
Airtel Gabon S.A.	63,419	45,273
Airtel Madagascar S.A.	(88,946)	46,871
Airtel Malawi plc	949,321	791,740
Airtel Networks Kenya Limited	1,165,960	1,105,333
Airtel Networks Zambia Plc	492,836	552,053
Airtel Rwanda Limited	455,832	206,922
Airtel Tanzania plc	699,662	517,720
Airtel Tchad S.A.	1,089,504	1,435,864
Airtel Uganda Limited	220,923	188,621
Airtel Congo (RDC) S.A.	1,045,305	1,058,825
Celtel Niger S.A.	3,284,587	2,451,126
Bharti Airtel Services Limited	303,628	-
Airtel Africa Telesonic Limited	1,349,883	-
	142,498,270	97,625,971
2 Purchase of goods / Receiving of services		
Bharti Airtel Limited	(60,521,222)	(48,859,093)
Bharti Airtel (USA) Limited	(998,596)	(916,506)
Bharti Airtel (Hongkong) Limited	(195,229)	(197,852)
Bharti International (Singapore) Pte. Ltd.	(1,060,206)	(735,398)
Network i2i Limited	(5,032,756)	(4,033,358)
Bharti Airtel (France) SAS	(1,111,424)	(1,469,986)
Singapore Telecommunications Limited	-	(5,377)
Airtel (Seychelles) Limited	(735,462)	(681,427)
Airtel Networks Limited	(29,524,877)	(21,845,917)
Airtel Congo S.A	(2,110,035)	(2,266,984)
Airtel Gabon S.A.	(603,445)	(355,772)
Airtel Madagascar S.A.	(895,542)	(843,019)
Airtel Malawi plc	(2,535,088)	(1,897,042)
Airtel Networks Kenya Limited	(3,006,296)	(2,348,055)
Airtel Networks Zambia Plc	(3,631,745)	(2,782,772)
Airtel Rwanda Limited	(1,078,606)	(1,177,874)
Airtel Tanzania plc	(2,224,400)	(1,152,764)
Airtel Tchad S.A.	(3,327,292)	(3,406,935)
Airtel Uganda Limited	(2,134,385)	(1,643,714)
Airtel Congo (RDC) S.A.	(2,560,635)	(2,801,758)
Celtel Niger S.A.	(7,099,357)	(1,002,251)
Nxtra Data Limited	(9,031)	-
Airtel Africa Telesonic Limited	(225,994)	-
	(130,621,623)	(100,423,854)
3 Loan given		
Network i2i Limited	(21,874,373)	(7,194,583)
	(21,874,373)	(7,194,583)
4 Interest income		
Network i2i Limited	2,259,576	434,936
	2,259,576	434,936

BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

The outstanding balances of the above mentioned related parties are as follows:

S. No.	Particulars	As of	
		March 31, 2023	March 31, 2022
1	Loan given		
	Network i2i Limited	59,471,981	37,597,572
		59,471,981	37,597,572
2	Interest receivable		
	Network i2i Limited	3,304,351	1,182,401
		3,304,351	1,182,401
3	Receivables / (payables)		
	Bharti Airtel Limited	5,626,861	3,940,815
	Bharti Airtel Services Limited	295,145	22
	Nxtra Data Limited	(1,096)	(53,329)
	Bharti Airtel Lanka (Private) Limited	(101,286)	(95,196)
	Bharti Airtel (USA) Limited	(138,112)	(199,309)
	Jersey Airtel Limited	2,224	6,914
	Bharti Airtel (Hongkong) Limited	(32,287)	(47,610)
	Bharti International (Singapore) Pte. Ltd.	(710,034)	(238,338)
	Network i2i Limited	(698,530)	(345,204)
	Bharti Airtel (France) SAS	1,052,712	(163,821)
	Airtel (Seychelles) Limited	(207,652)	(74,636)
	Airtel Networks Limited	(3,343,352)	(1,483,897)
	Airtel Congo S.A	1,095,294	1,181,138
	Airtel Gabon S.A.	(109,811)	(142,495)
	Airtel Madagascar S.A.	(339,684)	(584,413)
	Airtel Malawi plc	(2,271,071)	(1,539,148)
	Airtel Networks Kenya Limited	(1,452,756)	(2,071,660)
	Airtel Networks Zambia Plc	(3,315,414)	(1,964,806)
	Airtel Rwanda Limited	(841,439)	(547,909)
	Airtel Tanzania plc	(118,428)	(721,882)
	Airtel Tchad S.A.	(4,205,619)	(2,568,061)
	Airtel Uganda Limited	(4,427,247)	(2,842,088)
	Airtel Congo (RDC) S.A.	(3,391,111)	(3,231,150)
	Celitel Niger S.A.	(11,630,122)	(7,565,089)
	Singapore Telecommunications Limited	(23,291)	(5,567)
	Bharti Airtel International (Netherlands) B.V.	22,624,475	8,850,230
	Airtel Africa Telesonic Limited	1,092,401	-
		(5,569,230)	(12,506,489)

Outstanding balances pertaining to above related parties at the yearend are unsecured and settlement occurs in cash.

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BHARTI AIRTEL (UK) LIMITED
Notes to Special Purpose Financial Statements
(All amounts are in GBP; unless stated otherwise)

29. Earnings per share ('EPS')

The details used in the computation of basic and diluted EPS:

	For the year ended	
	March 31, 2023	March 31, 2022
Profit attributable to equity shareholders as per statement of profit and loss (A)	14,669,702	7,511,315
Weighted average number of equity shares for calculation of basic earning per share (B)	333,935	333,935
Weighted average number of equity shares for calculation of diluted earning per share (C)	333,935	333,935
Earnings per share		
Basic (A / B)	43.93	22.49
Diluted (A / C)	43.93	22.49

30. Segment Reporting

Based on the way the entity manages its operating business, and the manner in which resource allocation decisions are made, the entity has only one reportable segment for financial reporting purposes. Accordingly, no operating segment financial information is disclosed.

31. Ratio

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for variance
Current Ratio - [no. of times]	Current Assets	Current Liabilities	1.22	1.02	20%	Not applicable.
Return on equity ratio - [no. of times]	Profit / (loss) for the year	Average Equity attributable to owners of the parent	0.18	0.24	-24%	Decrease on account of increase in average equity of the company during the year.
Trade receivables turnover ratio - [no. of days]	Average trade receivables	Revenue from operations / no of days for the year	28	17	64%	Increase on account of increase in average trade receivables.
Net capital turnover ratio - [no. of times]	Revenue from operations	Working Capital	17	224	-92%	Decrease on account of increase in working capital during the year.
Net profit ratio (%)	Net Profit / (Loss)	Revenue from operations	0.9%	0.7%	36%	Increase on account of profit during the year and increase in revenue.
Return on capital employed (%)	EBIT	Average Capital Employed [#]	178.4%	262.1%	-32%	Decrease on account of higher EBIT and higher capital employed during the year.

Average Capital Employed= Average of (Equity + Net Debt)

32. Events after the reporting period

Board of Directors of the Company has proposed the payment of final dividend of GBP 21 million for the financial year 2022-23, on equity share capital of the Company to be paid out of the profits of the Company for the year ended on March 31, 2023. The proposed dividend is subject to approval of shareholders at the Annual General Meeting, accordingly, no corresponding liability has been recognised.