Financial statements

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Independent auditor's report
to the members of Airtel Africa plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Airtel Africa plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2020 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB)
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income
- the consolidated and parent company statement of financial position
- the consolidated and parent company statements of changes in equity
- the consolidated statement of cash flows
- the related notes 1 to 36 of the consolidated financial statements
- the related notes 1 to 10 of the parent company financial statements

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 8.1 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern • Impairment of goodwill • Prepaid revenue • Classification of legal and regulatory cases
Materiality	The materiality we have used for the Group financial statements is $30m which represents 5.0% of profit before tax, 2.0% of underlying earnings before interest, tax, depreciation and amortisation (EBITDA) or 0.3% of total assets.
Scoping	Our scope covered 17 components. Of these, nine were full-scope audits, five were subject to specific procedures on certain account balances by component audit teams or the Group audit team and the remaining three were subject to analytical review procedures. These covered 100% of Group profit before tax, EBITDA and total assets.

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the directors' statement in note 2.2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements. We considered as part of our risk assessment the nature of the Group, its business model and related risks including, where relevant, the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit. Our challenge of the directors' going concern assessment and related disclosures have been identified as a key audit matter, which is discussed below in section 5.2.	**Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.** We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: • the disclosures on pages 56-62 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated • the directors' confirmation on page 56 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity • the directors' explanation on pages 63 and 64 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	**Viability means the ability of the Group to continue over the time horizon considered appropriate by the directors.** We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Airtel Africa plc continued

5.1. Going concern

<table>
<tr><td>Key audit matter description</td><td>The Group made a profit before tax of $598m during the year ended 31 March 2020 and was in a net current liability position of $817m at 31 March 2020. As set out in notes 23 to the financial statements, at 31 March 2020, the Group had committed facilities of $505m and uncommitted facilities of $363m. Net debt was $3.2bn. Subsequent to 31 March 2020, uncommitted facilities of $265m were converted into committed facilities.

Net debt of $3.2bn includes $1.8bn of bonds which include cross-default clauses with the Group's majority shareholder, Bharti Airtel Limited. There would be a covenant breach on these bonds should Bharti Airtel Limited (or any of their subsidiaries) default on any debt in excess of $50m. The $1.8 billion of bonds includes a $828m bond due for repayment in May 2021 and a $505m bond which includes an incurrence covenant which requires Bharti Airtel Limited's credit rating to be assessed as investment grade by at least two credit rating agencies; when breached this can reduce the ability of the Group to raise additional debt.

Note 2.2 to the financial statements includes the directors' assessment that they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The matter is also referred to within the Audit and Risk Committee's report on page 80.

The directors' have forecast liquidity and cash flow to June 2021, which includes the repayment of the $828m bond (on maturity) in May 2021. The forecasts assume that the Group will be impacted by COVID-19 for a period of six months, including a slowdown in revenue growth and higher costs. Further details on the impact of COVID-19 on the Group can be found on pages 9-10.

Management has run a sensitivity to these forecasts (a 'reasonable worst case') which is a severe but plausible forecast, including a further slowdown in revenue growth (including that COVID-19 will impact the Group for 12 months), higher operating and regulatory costs and further devaluation of exchange rates. Management has identified a number of mitigating actions to preserve liquidity, including a reduction in costs and capital expenditure and, if required, a reduction in dividends. These forecasts project that the Group has adequate liquidity, taking into account the available cash at 31 March 2020 and committed facilities of $814m at the date of approval of these financial statements. The directors, through enquiry with its majority shareholder, have assessed the risk of Bharti Airtel Limited defaulting on its debt (and the bonds of $1.8bn being recalled) as remote.

The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Given the above circumstances, we identified a key audit matter relating to the Group's going concern assessment, including the Group's ability to continue to service its debts and the actions available to the Group to preserve liquidity.</td></tr>
<tr><td>How the scope of our audit responded to the key audit matter</td><td>Our procedures involved:
• assessing key controls over the Group's forecasting process
• performing enhanced risk assessment procedures in response to the significant economic disruption associated with the COVID-19 pandemic and increasing audit effort to challenge whether there was a material uncertainty over the Group and parent company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements
• obtaining the directors' base case cash flow forecasts, a reasonable worst case scenario and the scenario of an event of a default by the majority shareholder, Bharti Airtel Limited, which would cause early repayment of certain bonds
• working with our working capital specialists to assess the terms associated with the Group's borrowing facilities and whether they are committed at the date of approval of the annual report
• assessing and challenging the assumptions used by the directors in each of the cash flow forecasts, considering our own expectations based on our knowledge of the Group
• obtaining direct confirmations of the value, duration and terms for the Group's committed and uncommitted facilities
• recalculating the cash headroom available using committed and uncommitted facilities in each of the scenarios prepared by management and approved by the directors
• testing the integrity and mechanical accuracy of the going concern model
• assessing the completeness and accuracy of the matters included in the directors' going concern disclosures based on our knowledge obtained from our evaluation of the directors' going concern assessment
• assessing the reasonableness of the anticipated impact of COVID-19 on the Group's cash flow projections, including whether they are severe but plausible and the mitigating actions available to the Group to preserve liquidity
• engaging and reviewing the work of the majority shareholder's auditor in relation to their work on going concern to challenge the directors' assessment that the risk of default at the majority shareholder is remote</td></tr>
<tr><td>Key observations</td><td>We concur that it is appropriate for the directors to prepare the financial statements on a going concern basis and that there is no material uncertainty related to going concern.

We consider the going concern disclosures within note 2.2 of the financial statements to be appropriate.</td></tr>
</table>

5.2. Impairment of goodwill

Key audit matter description	As set out in note 15 the Group has $3.9bn of goodwill allocated across the Group's three operating segments – Nigeria, East Africa and Francophone Africa. Each operating segment is considered to be groups of cash generating units (CGU's) under IAS 36 – Impairment of assets. The recoverable amount, being the higher of fair value less costs of disposal and value-in-use, requires judgement around future revenue and EBITDA. Key assumptions are the timing of future capital expenditure, country-specific long-term growth rates, EBITDA margins and the most appropriate discount rate. COVID-19 led to significant market volatility over mid to late March 2020, including an increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across all jurisdictions. Subsequent to 31 March 2020, these rates have reduced, albeit still not back to the levels pre March 2020. This leads to additional complexity in determining the appropriate discount rate at 31 March 2020. Management's methodology in determining the discount rate is set out in note 15 to the financial statements. Management has also assessed the potential impact of COVID-19 on the Group's cash flows and its impact on the overall impairment assessment. Further details on the Group's impairment assessment is included within notes 3.1 and 15 of the financial statements and in the Audit and Risk Committee's report on page 81. Management has concluded that no impairment to goodwill is required. With the continued development of the mobile network across Africa and the risks assigned to the different markets, there is a potential risk that goodwill is carried at an inappropriate value. We have identified a key audit matter with regard to the discount rates adopted across all segments and the impact on the assesment of the valuation of goodwill as this assumption has the most material impact on the value in use calculation, and was particularly volatile over the balance sheet date due to the ongoing COVID-19 pandemic as noted above.
How the scope of our audit responded to the key audit matter	Our procedures involved: • Assessing the key controls over the Group's forecasting process and goodwill impairment review including the discount rate • Working with our valuation specialists to assess and challenge the discount rates through independently recalculating our own rates, assessing whether management's methodology for determining their rates is appropriate against the appropriate valuation methodology and to consider whether the rates are within our reasonable range. This included the methodology determined by management in adjusting the spot discount rates at 31 March 2020 to reflect volatility within the markets and the appropriate rate that a market participant would determine to reflect risk in the long term cash flows • Evaluating and challenging the Group's cash flow forecasts based on historical forecasting accuracy and external data (i.e. external industry and broker reports) to substantiate management's growth forecasts and management's assessment on the impact of COVID-19 on the Group • Reviewing and challenging management's assessment of the difference between the overall recoverable amount against the Group's market capitalisation, including understanding the reasons for the difference • Assessing the sensitivity of each group of CGU's to key inputs and testing the integrity and mechancial accuracy of the impairment models • Reviewing the impairment disclosures against the requirements of IAS 36 – Impairment of Assets
Key observations	Based on the procedures performed we concur with management's judgement that there is no impairment in the goodwill held against each group of CGU's. We also concur with management's methodology to determine the discount rate at 31 March 2020. We consider the impairment disclosures within note 15 of the financial statements to be appropriate and in compliance with IAS 36, in particular around the sensitivities disclosed around the discount rate and the reasonable possible change in the discount rate should country risk premiums increase.

Independent auditor's report to the members of Airtel Africa plc continued

5.3. Prepaid revenue

Key audit matter description	As set out in note 6, service revenue of $3.4bn (2019: $3.1bn) is derived from the provision of telecommunication services. The majority of the customers of the Group subscribe to the services on a prepaid basis. Telecommunication service revenues mainly pertain to usage, subscription and customer onboarding charges, which include activation charges and charges for voice, data, messaging and value-added services. The Group's accounting policies on prepaid revenue is set out in note 2.21. There is a presumed fraud risk around the accuracy of prepaid revenue recorded due to the complexity of the Group's revenue recording systems and the volume of customer data. We have therefore identified a key audit matter in relation to (i) the incorrect set up of system tariffs and (ii) the manual journal posting of revenue from the billing system to the general ledger. Errors in each would impact the accuracy of prepaid revenue.
How the scope of our audit responded to the key audit matter	Our procedures involved: • Working with our IT specialists to test the IT environment in which the revenue recording systems reside, including interface controls between different IT applications • Obtaining an understanding of and testing the relevant controls over (a) approvals and maintenance of new plans in the billing system and (b) authorisation of rate changes and the maintenance of rates within the billing systems • Testing the reconciliation process between the general ledger and revenue recording systems including any manual adjustments posted • Testing a sample of call record validations to test the accuracy of prepaid revenue and the resolution of exceptions; • Sample testing the accuracy of tariff set up in the system • Performing independent call testing with the objective of testing the accuracy of plans by checking that a sample of each major tariff has been correctly set up
Key observations	Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.

5.4. Classification of legal and regulatory cases

Key audit matter description	As set out in note 26, management has recorded $18m of provisions in respect of legal and regulatory claims and note 30 illustrates contingent liabilities of $83m. Airtel Africa has a presence in 14 countries across Africa with different legal and regulatory environments. Each component maintains legal and regulatory case register which is updated on a monthly basis to summarise the current position of each legal and regulatory case and to consider whether a provision or contingent liability disclosure is required. Management of these matters is frequently supported by external counsel in local markets. Further information on the Group's policies for legal and regulatory matters, including the judgements taken can be found in notes 2.19 and 2.20 of the financial statements, and within the key source of estimation uncertainty disclosures in note 3.1. We identified a key audit matter relating to the appropriate classification and presentation of legal and regulatory cases as remote (no disclosure), possible (contingent liability, note 30) and probable (provision, note 26) in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent assets within the financial statements. There are a significant number of ongoing legal and regulatory cases covering a number of years across all operating companies. Management has exercised judgement in determining their assessment of the outcome and the accounting consequences thereon. Because of these factors and the legal and regulatory framework in the countries in which the Group operates, we consider there to be a fraud risk associated with this key audit matter.
How the scope of our audit responded to the key audit matter	Our procedures involved: • Assessing key controls concerning the classification of legal and regulatory cases • Profiling the legal and regulatory claims to test a sample of key cases and challenging whether the cases are appropriately classified based on IAS 37 – Provisions, Contingent Liabilities and Contingent Assets • Holding discussions with internal legal counsel and obtaining supporting evidence for a sample of key cases; • Circularising external legal counsel for a sample of cases and checking their assessment of whether a legal or regulatory case is probable, possible or remote against management's assessment • Reviewing board minutes and holding discussions with local legal counsels • Assessing the consistency and completeness of approach across each operating company by considering if there is any precedent for similar cases to be settled within each jurisdiction as well as current legal settlements • Reviewed the financial statement disclosures including the articulation of each material case
Key observations	Based on the procedures performed, we consider that the Group's classification of legal and regulatory cases as remote, possible or probable is appropriate. We consider the provision and contingent liability disclosures within notes 26 and 30 of the financial statements to be appropriate.

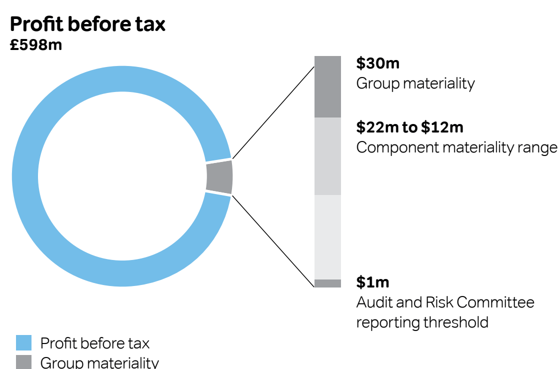
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$30m	$27m
Basis for determining materiality	5.0% of profit before tax, 2.0% of underlying earnings before interest, tax, depreciation and amortisation (EBITDA) or 0.3% of total assets.	1% of net assets but capped at 90% of Group materiality.
Rationale for the benchmark applied	Profit before tax is our primary benchmark as it impacts distributable reserves and dividends, which is key for investors. We have also considered EBITDA as it is a key metric used in the telecommunications industry and total assets due to the size of the asset base.	Airtel Africa plc is a holding company, which holds investments in a number of subsidiaries. Thus, the primary users of the company's financial statements are the Group's shareholders and the directors and management of its holding company (Bharti Airtel Limited) and ultimate holding company (Bharti Enterprises (Holding) Private Limited and the Bharti Mittal family trust). We therefore considered net assets to be the most appropriate benchmark given the primary purpose of the company is a holding company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at $15m, being 50% of Group materiality for the 2020 audit. We have determined performance materiality, considering a number of factors:

- Our experience of auditing the Group as this was the second year we have performed an audit on the consolidated financial statements, but only the first time that such an audit was a statutory requirement; it was also the first audit following the parent company's listing on the London Stock Exchange
- Our assessment of the control environment: whilst we were able to rely on controls for some areas of the audit, there were other areas where we were unable to rely on controls as the controls are largely manual and not documented. We also considered progress against the remediation of certain entity level controls

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the committee all audit differences in excess of $1m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor's report to the members of Airtel Africa plc continued

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our component audit scope requires us to (a) achieve sufficient coverage across the Group to address the key risk areas and (b) meet the requirements of ISA (UK) 600 to plan and oversee the work performed by component audit teams. Our Group audit was scoped on an entity level basis, assessing components against the risk of material misstatement at the Group level. We also considered the quantum of financial statement balances and individual financial transactions of a significant nature. In performing our assessment, we have considered the geographical spread of the Group and any risks presented within each region.

The Group is made up of 14 operating entities, all in different countries across Africa and supported by the Group parent's (Bharti Airtel Limited's) shared service centre based in India, as well as a number of holding companies: based in the UK, The Netherlands and India.

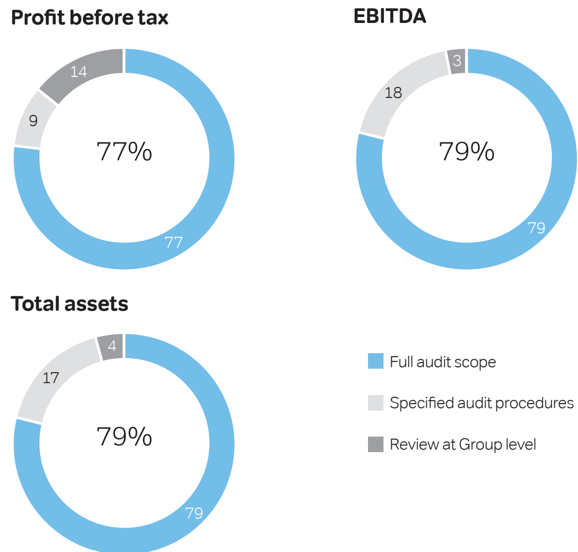
For the trading entities in the Group, component teams performed full scope audits on six components and audits of specified account balances for five components as set out in the table below. The Group audit team performed full scope audits on the two holding companies based in the UK and the Netherlands. A company audit team also performed procedures at the shared service centre in India.

The remaining three operating entities are not significant individually and include many small, low risk components and balances. For these components, the Group team performed other procedures, including conducting analytical review procedures, making enquiries of management, and evaluating and testing management's Group-wide controls across a range of locations and segments in order to address the risk of residual misstatement on a segment-wide and component basis. At the Group level we also tested the consolidation process, performed procedures over our significant risks and controls and audited the UK holding company.

The below table summarises the segment allocation and scope of the Group's components:

Segment	Full scope audit	Audits of specified balances	Review procedures
Nigeria	Nigeria		
East Africa	Uganda, Malawi, Zambia	Tanzania, Kenya	Rwanda
Francophone	Gabon, Democratic Republic of the Congo (DRC)	Republic of the Congo, Chad, Niger	Madagascar, the Seychelles
Central	Airtel Africa plc and Netherlands holding company Shared service centre in India		

Based on this assessment, our full scope audits of the principal operating units of the Group covered 77% of profit before tax, 79% of EBITDA and 79% of total assets. Our audit of specific account balances cover a further 9% of profit before tax, 18% of EBITDA and 17% of total assets.



7.2. Our consideration of the control environment

7.2.1 IT control environment

As a business, Airtel Africa plc is extremely reliant on technology. Therefore, effective technology controls are important not just to address financial risks, but also for other areas such as operational, regulatory and reputational risk. Given the high volume, low value nature of the Group's transactions, reliance on the IT control environment is a fundamental part of the audit approach, not least for the revenue account balance.

Our assessment of the IT control environment included general IT controls (such as user access and IT change management), automated controls (such as appropriate configuration of tariffs) and system generated reports (such as daily recharge reports).

The key systems in scope for the audit were accounting systems and in country revenue systems (such as those relating to prepaid and interconnect revenue). The Group is heavily reliant on third parties for the support and maintenance of these systems, and arrangements are in place with a range of third party IT providers and Bharti Airtel Limited.

7.2.2 Business processes

We relied on controls for our full scope audits and audits of specified balances over the revenue and receivables, expenditure and payables, property, plant and equipment and payroll cycles. We did not plan to rely on financial reporting, tax and legal and regulatory controls as these controls are largely manual and are not sufficiently documented to enable us to test the operating effectiveness of controls.

7.2.3 Governance controls

We pay particular attention to the governance of the relationship with the parent company. The control environment in relation to this relationship has been strengthened in the year following the establishment of the Finance Committee in response to those matter described in the Audit and Risk Committee's report on page 85. In response we increased the extent of procedures we performed over going concern and related treasury cycles.

7.3. Working with other auditors

As part of our Group audit we visited the shared service centre on a quarterly basis performing analytical reviews over each component and auditing key judgements. These procedures involved discussions with the shared service centre audit team, the component audit teams and local management. The majority of account balances are managed in the shared service centre in India; we therefore spent 21% of our total engagement time in India at the shared service centre.

During the planning of the annual audit, senior members of the engagement team have visited the corporate head offices in Kenya to meet the financial directors of each component as part of a Group wide finance conference. In addition, the engagement team held a planning conference in Kenya with all component engagement partners. In addition, senior members of the engagement team have remained in regular contact with all component teams throughout the year to understand key quarterly issues and appropriately plan the year end audit.

As part of our audit, we planned for senior members of the Group audit team to visit each of the most significant components of the Group, being Nigeria, India, Uganda, Malawi, Zambia, Kenya and the United Kingdom. However, due to the coronavirus pandemic and safety concerns in the Democratic Republic of the Congo and Gabon we were only able to visit Kenya, the United Kingdom and India during the year. We visited the India shared service centre multiple times during the year in quarters one, two and three. Therefore, we had to adapt our approach and undertook enhanced remote supervisory procedures, performing component oversight via video conference calls with both component management and the component audit teams. In addition to these procedures, we sent detailed instructions to our component audit teams, included them in our team briefings, discussed their risk assessment papers in person in Kenya as part of the planning meeting and reviewed component auditors' work papers with our direct access to their electronic audit systems. We have also held regular meetings with our component teams throughout the year to directly supervise these teams. In addition we have had regular meetings with the Audit and Risk Committee to communicate issues throughout the annual process.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit and Risk Committee reporting** – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Airtel Africa plc continued

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. 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 (UK) 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets
- results of our enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team, including significant component audit teams and involving relevant internal specialists, including tax, working capital, share-based payments, mobile money, pensions, valuations, and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Prepaid revenue recognition and Classification of legal and regulatory cases related to the potential risk of fraud or non-compliance with laws and regulations. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Corporate Governance Code, as well as laws and regulations prevailing in each country in which we identified a full-scope component with a specific focus on telecoms regulations and operator licences.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This primarily includes the telecommunication and Airtel Money regulator within each operating entity.

11.2. Audit response to risks identified

As a result of performing the above, we identified Prepaid revenue recognition and Classification of legal and regulatory cases as potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities including HM Revenue & Customs in the UK and local tax authorities within each operating entity
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including tax, working capital, share-based payments, mobile money, valuation and IT specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board in July 2019 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the years ended 31 March 2019 to 31 March 2020.

14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK GOODEY (FCA) (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF DELOITTE LLP
STATUTORY AUDITOR
LONDON, UNITED KINGDOM

13 MAY 2020

Consolidated statement of comprehensive income

(All amounts are in US$ millions unless stated otherwise)

	Notes	For the year ended 31 March 2020	31 March 2019
Income			
Revenue	6	**3,422**	3,077
Other income		**17**	26
		3,439	3,103
Expenses			
Network operating expenses		**628**	558
Access charges		**376**	345
Licence fee/spectrum usage charges		**189**	182
Employee benefits expense	7	**234**	236
Sales and marketing expenses		**148**	152
Impairment loss/(reversal) on financial assets		**(2)**	5
Other expenses	8	**333**	318
Depreciation and amortisation	9	**632**	573
		2,538	2,369
Operating profit		**901**	734
Finance costs	10	**440**	394
Finance income	10	**(67)**	(32)
Non-operating income	5a	**(70)**	–
Share of (profit)/loss of joint ventures and associate		**(0)**	24
Profit before tax		**598**	348
Tax expense/(credit)	12	**190**	(78)
Profit for the year		**408**	426
Profit before tax (as presented above)		**598**	348
Add: Exceptional items (net)	11	**(65)**	69
Underlying profit before tax		**533**	417
Profit after tax (as presented above)		**408**	426
Add: Exceptional items (net)	11	**(112)**	(119)
Underlying profit after tax		**296**	307
Other comprehensive income (OCI)			
Items to be reclassified subsequently to profit or loss:			
Net losses due to foreign currency translation differences		**(219)**	(170)
Share of OCI of associate		**–**	(0)
Net gain on net investments hedge		**5**	45
Net loss on cash flow hedge		**(2)**	(12)
		(216)	(137)
Items not to be reclassified subsequently to profit or loss:			
Re-measurement gain/(loss) on defined benefit plans		**1**	(2)
Tax (charge)/credit on above		**(0)**	0
		1	(2)
Other comprehensive loss for the period		**(215)**	(139)
Total comprehensive income for the period		**193**	287
Profit for the period attributable to:		**408**	426
Owners of the company		**370**	388
Non-controlling interests		**38**	38
Other comprehensive loss for the period attributable to:		**(215)**	(139)
Owners of the company		**(224)**	(136)
Non-controlling interests		**9**	(3)
Total comprehensive income for the period attributable to:		**193**	287
Owners of the company		**146**	252
Non-controlling interests		**47**	35
Earnings per share			
Basic	13	**10.31c**	19.54c
Diluted	13	**10.30c**	19.54c

Consolidated statement of financial position

(All amounts are in US$ millions unless stated otherwise)

	Notes	As of 31 March 2020	As of 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	14	**1,832**	1,597
Capital work-in-progress	14	**259**	367
Right of use assets	31	**639**	655
Goodwill	15	**3,943**	4,126
Other intangible assets	15	**456**	349
Intangible assets under development	15	**30**	70
Investment in associate	16	**3**	3
Financial assets			
– Investments		**0**	0
– Derivative instruments	17	**0**	45
– Security deposits	18	**7**	9
– Others		**1**	–
Income tax assets (net)		**39**	31
Deferred tax assets (net)	12	**333**	346
Other non-current assets	19	**112**	87
		7,654	7,685
Current assets			
Inventories		**3**	3
Financial assets			
– Derivative instruments	17	**10**	5
– Trade receivables	20	**132**	121
– Cash and cash equivalents	21	**1,010**	848
– Other bank balances	21	**6**	15
– Balance held under mobile money trust		**295**	238
– Others	22	**66**	73
Other current assets	19	**149**	118
		1,671	1,421
Total assets		**9,325**	9,106
Current liabilities			
Financial liabilities			
– Borrowings	23	**235**	625
– Current maturities of long-term borrowings	23	**429**	559
– Lease liabilities	31	**199**	181
– Derivative instruments	17	**3**	96
– Trade payables		**416**	470
– Mobile money wallet balance		**292**	238
– Others	24	**461**	580
Provisions	26	**70**	70
Deferred revenue		**124**	110
Current tax liabilities (net)		**144**	67
Other current liabilities	25	**115**	103
		2,488	3,099
Net current liability		**(817)**	(1,678)
Non-current liabilities			
Financial liabilities			
– Borrowings	23	**2,446**	2,437
– Lease liabilities	31	**970**	1,037
– Derivative instruments	17	**4**	7
– Others	24	**15**	7
Provisions	26	**23**	22
Deferred tax liabilities (net)	12	**69**	33
Other non-current liabilities	25	**29**	34
		3,556	3,577
Total liabilities		**6,044**	6,676
Net Assets		**3,281**	2,430
Equity			
Share capital	27	**3,420**	3,082
Share premium	28	**–**	470
Retained earnings	28	**2,805**	1,688
Other reserve	28	**(2,837)**	(2,614)
Equity attributable to owners of the company		**3,388**	2,626
Non-controlling interests (NCI)		**(107)**	(196)
Total equity		**3,281**	2,430

The consolidated financial statements (company registration number: 11462215) on pages 126 to 188 were approved by the Board of directors and authorised for issue on 12 May 2020 and were signed on its behalf by:

RAGHUNATH MANDAVA
CHIEF EXECUTIVE OFFICER
13 MAY 2020

Consolidated statement of changes in equity

(All amounts are in US$ millions unless stated otherwise)

	Equity attributable to owners of the company								
	Share Capital				Other reserves				
	No of shares	Amount	Share premium	Retained earnings	Transactions with NCI reserve	Other components of equity (Note 28)	Equity attributable to owners of the company	Non-controlling interests (NCI)	Total equity
As of 1 April 2018	1,781,248,325	2,359	2,551	(3,510)	(500)	(1,900)	(1,000)	(232)	(1,232)
Profit for the year	–	–	–	388	–	–	388	38	426
Other comprehensive loss	–	–	–	(2)	–	(134)	(136)	(3)	(139)
Total comprehensive income/(loss)	–	–	–	386	–	(134)	252	35	287
Transaction with owners of equity									
Shareholder loan conversion	1	0	1,107	–	–	–	1,107	–	1,107
Re-organisation adjustment Note 2.1	(613,490,706)	(1,191)	(3,659)	4,850	–	–	–	–	–
Common control transactions	–	–	–	98	–	–	98	–	98
Issue of share capital Note 27	1,913,986,957	1,914	473	(136)	–	–	2,251	–	2,251
Share issue costs	–	–	(2)	–	–	–	(2)	–	(2)
Transaction with NCI	–	–	–	–	(80)	–	(80)	6	(74)
Dividend paid (including tax) to NCI	–	–	–	–	–	–	–	(5)	(5)
As of 31 March 2019	3,081,744,577	3,082	470	1,688	(580)	(2,034)	2,626	(196)	2,430
Profit for the year	**–**	**–**	**–**	**370**	**–**	**–**	**370**	**38**	**408**
Other comprehensive loss	**–**	**–**	**–**	**1**	**–**	**(225)**	**(224)**	**9**	**(215)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**371**	**–**	**(225)**	**146**	**47**	**193**
Transaction with owners of equity									
Reduction in nominal value of shares Note 27 (1)	**–**	**(1,541)**	**–**	**–**	**–**	**–**	**(1,541)**	**–**	**(1,541)**
Issue of deferred share capital Note 27 (1)	**3,081,744,577**	**1,541**	**–**	**–**	**–**	**–**	**1,541**	**–**	**1,541**
Issue of share capital Note 27 (2)	**676,406,927**	**338**	**342**	**–**	**–**	**–**	**680**	**–**	**680**
Issue of share capital to NCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13**	**13**
Share issue costs	**–**	**–**	**(3)**	**(14)**	**–**	**–**	**(17)**	**–**	**(17)**
Share stabilisation proceeds Note 5 (d)	**–**	**–**	**–**	**–**	**–**	**7**	**7**	**–**	**7**
Employee share-based payment expenses	**–**	**–**	**–**	**–**	**–**	**0**	**0**	**–**	**0**
Reversal of indemnities Note 5 (a)	**–**	**–**	**–**	**64**	**–**	**–**	**64**	**–**	**64**
Court approved reduction in share premium Note 5 (b)	**–**	**–**	**(809)**	**809**	**–**	**–**	**–**	**–**	**–**
Transactions with NCI Note 5 (c) and (f)[1]	**–**	**–**	**–**	**–**	**(5)**	**–**	**(5)**	**36**	**31**
Dividend to company's shareholders	**–**	**–**	**–**	**(113)**	**–**	**–**	**(113)**	**–**	**(113)**
Dividend (including tax) to NCI[2]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7)**	**(7)**
As of 31 March 2020	**6,839,896,081**	**3,420**	**–**	**2,805**	**(585)**	**(2,252)**	**3,388**	**(107)**	**3,281**

1 'Transaction with NCI reserve' is net of tax impact of $6m

2 Dividend to NCI includes tax of $1m

Consolidated statement of cash flows

(All amounts are in US$ millions unless stated otherwise)

	For the year ended	
	31 March 2020	31 March 2019
Cash flows from operating activities		
Profit before tax	**598**	348
Adjustments for:		
Depreciation and amortisation	**632**	573
Finance income	**(67)**	(32)
Finance cost	**440**	394
Share of profit/loss of joint ventures and associate	**(0)**	24
Non-operating adjustments, note 5 (b)	**(70)**	–
Other adjustments[1]	**(45)**	16
Operating cash flow before changes in working capital	**1,488**	1,323
Changes in working capital		
Increase in trade receivables	**(11)**	(29)
Increase in inventories	**(1)**	(1)
Decrease in trade payables	**(15)**	(38)
Increase in mobile money wallet balance	**53**	41
Decrease in provisions	**2**	(66)
Increase in deferred revenue	**20**	8
Decrease in income received in advance	**(11)**	(21)
Increase in other financial and non financial liabilities	**4**	13
Increase in other financial and non financial assets	**(28)**	(44)
Net cash generated from operations before tax	**1,501**	1,186
Income taxes paid	**(114)**	(115)
Net cash generated from operating activities (a)	**1,387**	1,071
Cash flows from investing activities		
Purchase of property, plant and equipment and capital work-in-progress	**(656)**	(568)
Purchase of intangible assets	**(155)**	(125)
Payment of deferred consideration for past business combination	**(19)**	–
Proceeds on sale of tower assets	**–**	42
Interest received	**29**	21
Net cash used in investing activities (b)	**(801)**	(630)
Cash flows from financing activities		
Proceeds from issue of shares to Airtel Africa plc shareholders	**680**	2,387
Proceeds from sale of shares to non-controlling interests	**34**	–
Acquisition of non-controlling interests	**–**	(74)
Payment of share issue expenses	**(17)**	–
Proceeds from borrowings	**174**	534
Repayment of borrowings	**(720)**	(2,485)
Proceeds from sale and lease back of towers	**–**	23
Repayment of lease liabilities	**(189)**	(163)
Dividend paid to non-controlling interests	**(5)**	(4)
Dividend paid to Airtel Africa plc shareholders	**(113)**	–
Interest and other finance charges paid	**(318)**	(376)
Proceeds from borrowings from related parties	**–**	337
Share stabilisation proceeds	**7**	–
Proceeds from cancellation of derivatives	**122**	–
Payment on maturity of derivatives	**(25)**	–
Net cash (used)/generated from financing activities (c)	**(370)**	179
Increase in cash and cash equivalents during the period (a+b+c)	**216**	620
Currency translation differences relating to cash and cash equivalents	**1**	4
Cash and cash equivalent as at beginning of the period	**870**	246
Cash and cash equivalents as at end of the period (note 21)[2]	**1,087**	870

1 For the year ended 31 March 2020, this mainly includes deferment of customer acquisition costs and reversal of provision for capital work in progress

2 Includes balance held under mobile money trust of $295m (2019: $238m) on behalf of mobile money customers which are not available for use by the Group

Notes to consolidated financial statements

(All amounts are in US$ millions unless stated otherwise)

1. Corporate information

Airtel Africa Limited was incorporated as a private company limited by shares on 12 July 2018 as a subsidiary of Airtel Africa Mauritius Limited (the parent), a company registered in Mauritius. It was subsequently re registered as Airtel Africa plc (the company) on 13 June 2019. The company is incorporated and domiciled in England and Wales (registration number 11462215). The registered address of the company is First Floor, 53/54 Grosvenor Street, London W1K 3HU, United Kingdom.

The company listed on London Stock Exchange (LSE) on 3 July 2019 and on Nigerian Stock Exchange (NSE) on 9 July 2019.

The company, together with its subsidiary undertakings (hereinafter referred to as 'the Group') has operations in Africa. The principal activities of the Group and its associate consist of provision of telecommunication services and mobile money services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), the Companies Act 2006 and Article 4 of the EU IAS Regulations.

All the amounts included in the financial statements are reported in United States dollars, with all values rounded to the nearest millions ($m) except when otherwise indicated. Further, amounts which are less than half a million are appearing as '0'.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied by all the Group entities to all the periods presented in these financial statements except for the change in accounting policies set out below, all of which were effective as at 1 April 2019.

To provide more reliable and relevant information about the effect of certain items in the consolidated statement of financial position due to increasing significance of their balances and growth in mobile money business, the Group has changed the classification of such items. Previous year figures have been re-grouped or reclassified, to confirm to such current year's classification including the following material items:

Mobile Money Balance:

- reclassification of liability and bank balances pertaining to mobile money business earlier presented as 'trade payables' and 'other bank balances' respectively. The liabilities and assets amounting to $238m as of 31 March 2019 are now presented separately in the balance sheet as 'Mobile money wallet balance' and 'Balance held under mobile money trust' (being amounts held by the Group on behalf of customers) respectively. For the purpose of cash flow statement 'Balance held under mobile money trust' have been presented as cash and cash equivalents. The movement in 'Mobile money wallet balance' are presented separately in the statement of cash flows as part of operating activity.

Others:

- reclassification of provision for tax and regulatory sub judice matters amounting to $49m earlier presented as other current non-financial liabilities to current provisions and provision for legal sub judice matters amounting to $16m earlier presented as other current financial liabilities to current provisions.
- reclassification of other income received in advance in relation to sale and lease back transaction in one of the subsidiaries of $11m earlier presented as current deferred revenue to other current liabilities and $34m earlier presented as non-current deferred revenue to other non-current liabilities.

There is no impact on retained earnings or net assets due to these reclassifications.

Airtel Africa plc is the smallest group in which the company is consolidated. The largest group to consolidate the results of the company is Bharti Airtel Limited, which is registered in India. For the year ended 31 March 2019, the Group took the exemption available under the UK Companies Act from preparing consolidated statutory financial statements, as it was included in the group accounts of Bharti Airtel Limited. The Bharti Airtel Limited group financial statements are publicly available and can be obtained at www.airtel.in. The consolidated comparative information included within these financial statements was separately prepared for the Board of directors. Such comparative information is different from the Historical Financial Information (HFI) included within the company's IPO prospectus to the extent of 'Share of loss of joint ventures' amounting to $24m pertaining to joint venture operations in Ghana. In accordance with the requirements of Annexure to SIR 2000, such operations were disposed of during August 2018 and consequently were excluded from HFI since the management believed that it provided more meaningful financial information to investors on the historical financial performance of the ongoing Group. Consequently, the profit before tax and profit for the year ended 31 March 2019 is lower by $24m in these financial statements as compared to HFI. There are no differences in the statement of financial position as compared to HFI.

During the year ended 31 March 2019 the company became the parent of Bharti Airtel International (Netherlands) B.V. (BAIN) and its subsidiaries (such transaction being referred to as the 're-organisation') by acquiring 100% of the share capital of BAIN from Network i2i Limited (an entity owned by Bharti Airtel Limited). In exchange, 1,167,757,621 equity shares of $1 each were issued to Airtel Africa Mauritius Limited (a subsidiary of Network i2i Limited). The shares were fully paid.

Since this re-organisation under common control is not within the scope of International Financial Reporting Standards (IFRS) 3 'Business Combinations', as permitted by International Accounting Standards (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the Group has accounted for the re-organisation under the pooling-of-interest method based on predecessor values as though the current Group structure had always been in place, to reflect the economic substance thereto. Accordingly, the results of the Group for both the current and the prior periods are presented as if the Group had been in existence throughout the periods presented, rather than from the re-organisation date.

The difference between the share capital value (comprising par value and share premium) of BAIN ($6,018m) and share capital value of Airtel Africa Limited ($1,168m) was included as 're-organisation adjustment' in retained earnings/accumulated deficit during the year ended 31 March 2019.

Changes in accounting policies and disclosures

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments:

This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately or on a combined basis
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The company's and its subsidiaries' tax filings in different jurisdictions include deductions and other tax treatments which the relevant taxation authorities may challenge. The Group determined that, despite some differences in the recognition and measurement requirements between the Interpretation and the Group's previous policies for recognising tax provisions, that there was no material impact on the consolidated financial statement of the Group as a result of applying the Interpretation in addition to that which the Group had already recorded/disclosed.

2.2. Basis of measurement

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

Fair value measurement

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

The Group 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 Group 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

Going Concern

The Group has $2.35bn of bonds which are guaranteed by the Group's intermediate parent, the Bharti Airtel group ('the bonds') of which $828m is due for repayment in May 2021. The next repayment is $505m due in March 2023. In May 2019 and ahead of IPO, the Group executed a bank facility agreement (the 'New Airtel Africa Facility') in a principal amount of up to $2bn which was available to draw down for a period of six months. In addition, certain of the Group's subsidiaries arranged additional committed facilities of $425m. The Group expressed an intention at IPO to refinance the bonds through various suitable means including the draw down on the facilities by December 2019 to the extent that the bonds had not been refinanced or unless alternate committed liquidity have been put in place.

Following successful completion of the IPO and receipt of $680m of IPO proceeds, in October 2019 the Group further reassessed the requirement for the New Airtel Africa Facility amounting to $1.2bn ($0.8 bn already having been cancelled post IPO) and having considered business performance, free cash flows, liquidity expectation for the next 12 months together with its other existing drawn and undrawn facilities, the Group cancelled the remaining $1.2bn New Airtel Africa Facility. As part of this evaluation, the Group has further considered committed facilities of $814m as of the date of authorisation of financial statements, which should take care of the Group's cash flow requirement under both base and reasonable worst case scenarios.

On 24 October 2019, The Honorable Supreme Court of India delivered an adverse court judgment in India on the Group's intermediate parent in relation to a long outstanding industry wide case ('the Court Judgment') pertaining to Adjusted Gross Revenue (AGR). In light of aforesaid Court Judgment, the Group has also considered whether any events are likely to arise that would result in early repayment of the balance of the bonds and has assessed any material restrictions that may be imposed on it consequent to the actions/inactions of its intermediate parent company. For more details on covenants on these bonds, please refer to note 23 in the consolidated financial statements.

In January and February 2020, the Group's intermediate parent company successfully raised $3.25bn through a combination of qualified institutional placement and convertible and other bond offerings. The execution of these activities have significantly reduced the level of uncertainty about the Group's parent company to comply with the judgment. Pursuant to this infusion of long-term financing, available liquidity/facilities with the Bharti Airtel group and other developments including payment made towards AGR dues, the management of Bharti Airtel has concluded that the previously reported material uncertainty during the period ended 30 September 2019 on the its ability to continue as a going concern no longer exists.

Based on these developments and assessment received as of 31 March 2020, the Group has concluded that the likelihood of early repayment of the balance of the bonds as a consequence of the actions/inactions of its intermediate parent company is considered remote and the previously reported material uncertainty during the period ended 30 September 2019 on the Group's ability to continue as a going concern has also been removed.

In order to assess its ability to be a going concern, the directors have taken into account all factors likely to affect its future performance and financial position, including the Group's cash flows under both base and reasonable worst case scenarios, solvency and liquidity positions and the availability of committed and uncommitted facilities. Further, the directors have considered all the risks and uncertainties relating to its business activities and actions implemented by its intermediate parent company to comply with the Court Judgment as well as the potential impact arising from COVID-19 spread in the countries where we operate.

2. Summary of significant accounting policies continued

At the time of the approval of the Group financial statements, the Group has not experienced any material impact arising from the impact of COVID-19 on its business. Given the rapidly changing dynamics in the external environment, it is extremely difficult to predict with any accuracy what the impact of COVID-19 will be on the Group's profitability, solvency and liquidity positions. However, the Group has applied various levels of stress tests by way of revenue decline, increase in costs and possibility of currency devaluation to the cash flows as part of the sensitivities applied to both base and reasonable worst case scenarios. Stress tests have been performed on the overall plan for the above sensitivities, including the foreseeable impacts of COVID-19, and through this analysis the directors have a reasonable expectation that no singular or plausible combination of events would be sufficient enough to impact the Group's going concern assessment and even under the severe stress tests situations, the Group would be able to continue in operation and meet its liabilities over the period covered under going concern assessment, as and when they fall due. Our cash balances in conjunction with $814m of committed undrawn facilities (as of date of authorisation of financial statements) ensure we can meet our financial obligations. In severe stress tests performed, the directors have also considered actions which can be undertaken to mitigate these events, including limiting or delaying discretionary capital expenditure without compromising on network quality, optimisation of opex and also reducing or ceasing dividend payments. The directors have also assessed the Group's ability to access adequate sources of funding, which include financing facilities and access to the debt capital markets to further improve liquidity headroom availability under the severe stress test scenarios.

Based on this assessment the directors have concluded that the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of consolidation

a. Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. The Group controls an entity when it is exposed to or has right to variable return from its involvement with the entity, and has the ability to affect those returns through its power (that is, existing rights that give it the current ability to direct the relevant activities) over the entity. The Group re-assesses whether or not it controls the entity, in case the underlying facts and circumstances indicate that there are changes to above-mentioned parameters that determine the existence of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are de-consolidated from the date that control ceases. Non-controlling interests is the equity in a subsidiary not attributable to the parent and is presented separately from the parent's equity. Non-controlling interests consist of the amount at the date of the business combination and its share of changes in equity since that date. Profit or loss and other comprehensive income/loss are attributed to the controlling and non-controlling interests in proportion to their ownership interests, even if this results in the non-controlling interests having a deficit balance. However, in cases where there are binding contractual arrangements that determine the attribution of the earnings, the attribution specified by such arrangement is considered.

The profit or loss on disposal (associated with loss of control) is recognised in the Consolidated statement of comprehensive income being the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. In addition, any amounts previously recognised in other comprehensive income in respect of that de-consolidated entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the other comprehensive income are re-classified to the profit and loss. Any retained interest in the entity is remeasured to its fair value with the resultant change in carrying value being recognised in the profit and loss.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a transaction with equity holders. Any difference between the amount of the adjustment to non-controlling interests and any consideration exchanged is recognised in 'transactions with NCI reserve', within equity.

b. Joint ventures and associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in joint ventures and associate are accounted for using the equity method from the date on which the Group obtains joint control over the joint ventures/starts exercising significant influence over the associate.

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of investment and its carrying value.

c. Method of consolidation

Accounting policies of the respective individual subsidiary, joint venture and associate are aligned wherever necessary, to ensure consistency with the accounting policies that are adopted by the Group under IFRS.

The stand-alone financial statements of subsidiaries are fully consolidated on a line-by-line basis after adjusting for business combination adjustments. Intra-group balances and transactions, and income and expenses arising from intra-group transactions, are eliminated while preparing the financial statements. The unrealised gains resulting from intra-group transactions are also eliminated. Similarly, the unrealised losses are eliminated, unless the transaction provides evidence as to impairment of the asset transferred.

The Group's investments in its joint ventures and associate are accounted for using the equity method. Accordingly, the investments are carried at cost less any impairment losses, as adjusted for post-acquisition changes in the Group's share of the net assets of investees. Any excess of the cost over the Group's share of net assets in its joint ventures/associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. The unrealised gains/losses resulting from transactions with joint ventures and associate are eliminated against the investment to the extent of the Group's interest in the investee. However, unrealised losses are eliminated only to the extent that there is no evidence of impairment.

2.4 Business combination

The Group accounts for business combinations using the acquisition method of accounting, and accordingly, the identifiable assets acquired and the liabilities assumed in the acquisition are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standard) and the non-controlling interest is initially recognised at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The consideration transferred for the acquisition of a subsidiary is the aggregation of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group in exchange for control of the acquiree.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is subsequently measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, along with the amount of any non-controlling interests in the acquire and the acquisition-date fair value (with the resulting difference being recognised in Consolidated statement of comprehensive income) of any previous equity interest in the acquire, over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Acquisition-related costs are expensed in the period in which the costs are incurred.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the identifiable assets and liabilities acquired in a business combination are measured at their provisional fair values at the date of acquisition. Subsequently, adjustments to the provisional values are made within the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date; otherwise the adjustments are recorded in the period in which they occur.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'.

2.5 Foreign currency transactions

a. Functional and presentation currency

The items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates (i.e. 'functional currency').

The financial statements are presented in US$, which is also the functional, and presentation currency of the company.

b. Transactions and balances

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the Consolidated statement of comprehensive income within finance costs/finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – with the resulting foreign exchange difference, on subsequent re-statement/settlement, recognised in the profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

The equity items denominated in foreign currencies are translated at historical exchange rate.

c. Foreign operations

The assets and liabilities of foreign operations (including the goodwill and fair value adjustments arising on the acquisition of foreign entities) are translated into US$ at the exchange rates prevailing at the reporting date whereas their statements of profit and loss are translated into US$ at monthly average exchange rates and the equity is recorded at the historical rate. The resulting exchange differences arising on the translation are recognised in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity. On disposal of a foreign operation (that is, disposal involving loss of control), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

2.6 Current versus non-current classification

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

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

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 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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

Derivatives designated in hedging relationship and separated embedded derivatives are classified based on the hedged item and the host contract respectively.

2. Summary of significant accounting policies continued

2.7 Property, plant and equipment (PPE) and capital work-in-progress

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

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

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Group recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item of PPE is recognised.

The expenditures that are incurred after an item of PPE has been put to use, such as repairs and maintenance, are normally charged to the Consolidated statement of comprehensive income in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Group, 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. Freehold land is not depreciated as it has an unlimited useful life. The Group has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Leasehold improvement	Period of lease or 10 – 20 years, as applicable, whichever is less
Buildings	20
Plant and equipment	
– Network equipment (including passive infrastructure)	3 – 25
Computer equipment	3 – 5
Furniture & fixtures and office equipment	1 – 5
Vehicles	3 – 5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, as at each reporting date 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 are accounted prospectively, and accordingly, the 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 of are de-recognised from the statement of financial position and the resulting gains/(losses) are included in the consolidated statement of comprehensive income within other expenses/other income.

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

2.8 Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be measured reliably.

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets purchased (refer note 2.4). Goodwill is not amortised; however, it is tested for impairment (refer to note 2.9) and carried at cost less any accumulated impairment losses. The gains/(losses) on the disposal of a cash-generating unit (CGU) include the carrying amount of goodwill relating to the CGU sold (in case goodwill has been allocated to a group of CGUs; it is determined basis of the relative fair value of the operations sold).

The intangible assets that are acquired in a business combination are recognised at fair value as on acquisition date. Other intangible assets are recognised at cost. These assets having a definite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

The Group has established the estimated useful lives of different categories of intangible assets as follows:

- **Software**

Software are amortised over the period of the licence, generally not exceeding three years.

- **Licences (including spectrum)**

Acquired licences and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction. The useful lives range from two to twenty-five years.

In addition, the Group incurs a fee on licences/spectrum that is calculated based on the revenue amount of the period. Such revenue share-based fee is recognised as a cost in the consolidated statement of comprehensive income when incurred.

- **Other acquired intangible assets**

Other acquired intangible assets include the following:

Customer relationship – Over the estimated life of such relationships which ranges from one year to five years.

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

Further, the cost of intangible assets under development includes the amount of spectrum allotted to the Group and related costs for which services are yet to be rolled out and are presented separately in the statement of financial position.

2.9 Impairment of non-financial assets

a. Goodwill

Goodwill is tested for impairment, at least annually or earlier, in case circumstances indicate that their carrying value may exceed the recoverable amount (higher of fair value less costs of sell and the value-in-use). For the purpose of impairment testing, the goodwill is allocated to a cash-generating unit (CGU) or group of CGUs (CGUs) which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, but not higher than an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying value of a CGU/CGUs including the goodwill, exceeds the estimated recoverable amount of the CGU/CGUs. The recoverable amount of a CGU/CGUs is the higher of its fair value less costs to sell and its value in use. Value-in-use is the present value of future cash flows expected to be derived from the CGU/CGUs.

The total impairment loss of a CGU/CGUs is allocated first to reduce the carrying value of goodwill allocated to that CGU/CGUs and then to the other assets of that CGU/CGUs – on pro-rata basis of the carrying value of each asset.

b. Property, plant and equipment, right-of-use assets, intangible assets and intangible assets under development

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

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

c. Reversal of impairment losses

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

2.10 Financial instruments

a. Recognition, classification and presentation

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

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

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- 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 Group has classified all non-derivative financial liabilities as measured at amortised cost.

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

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

The amounts held by electronic account holders in their mobile money wallets are presented separately in the Balance Sheet as 'Mobile money wallet balance'. The amounts held in bank on behalf of such electronic account holders are restricted for use by the Group and are presented as 'Balance held under mobile money trust'.

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 fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Consolidated statement of comprehensive income.

II. Subsequent measurement – financial assets

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

- **Financial assets measured at 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 finance income.

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

2. Summary of significant accounting policies continued

- **Financial assets at fair value through profit or loss (FVTPL)**

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

Impairment

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

However, only in case of trade receivables, the Group 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. Measurement – derivative financial instruments

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

d. Hedging activities

I. Fair value hedge

Some of the Group's entities use derivative financial instruments (e.g. interest rate/currency swaps) to manage/mitigate their exposure to the risk of change in fair value of the borrowings. The Group designates certain interest swaps to hedge the risk of changes in fair value of recognised borrowings attributable to the hedged interest rate risk. The effective and ineffective portion of changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss within finance income/finance costs, together with any changes in the fair value of the hedged liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to profit or loss over the period to remaining maturity of the hedged item.

II. Cash flow hedge

Some of the Group's entities use derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Group designates certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation risk attributable to either a recognised item or a highly probable forecast transaction (Cash flow hedge). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges are recognised in other comprehensive income and held as cash flow hedge reserve (CFHR) – within other components of equity. Any gains/(losses) relating to the ineffective portion are recognised immediately in profit or loss within finance income/finance costs. The amounts accumulated in equity are re-classified to the profit and loss in the periods when the hedged item affects profit/(loss).

When a hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gains/(losses) existing in equity at that time remains in equity and is recognised (on the basis as discussed in the above paragraph) when the forecast transaction is ultimately recognised in the profit and loss. However, at any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains/(losses) that were reported in equity is immediately transferred to the profit and loss within finance income/finance costs.

III. Net investment hedge

The Group hedges its net investment in certain foreign subsidiaries. Accordingly, any foreign exchange differences on the hedging instrument (e.g. borrowings) relating to the effective portion of the hedge is recognised in other comprehensive income as foreign currency translation reserve (FCTR) – within other components of equity, so as to offset the change in the value of the net investment being hedged. The ineffective portion of the gain or loss on these hedges is immediately recognised in profit or loss. The amounts accumulated in equity are included in the profit and loss when the foreign operation is disposed or partially disposed.

e. Derecognition

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

2.11 Leases

At inception of a contract, the Group assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Group has the right to direct the use of the asset.

a. Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index (CPI), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the Group allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. Group as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

The Group enters into 'Indefeasible right to use' (IRU) arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Group, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

2.12 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised in the same or a different period, outside profit or loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.

a. Current tax

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 in the respective countries where the Group entities operate and generate taxable income. The payments made in excess/(shortfall) of the respective Group entities' income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable or based on expected value approach, as applicable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. Please also refer changes in accounting policies and disclosures under note 2.1.

b. Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, 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 nor loss. Further, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

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, tax losses and tax credits can be utilised. Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associate – unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax 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 related deferred income tax asset is realised or the deferred income tax liability is settled.

2. Summary of significant accounting policies continued

Income tax assets and liabilities are offset against each other and the resultant net amount is presented in the statement of financial position if, and only when, (a) the Group currently has a legally enforceable right to offset the current income tax assets and liabilities, and (b) when it relate 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.

2.13 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 it 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 variable 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 that are integral part of the Group's cash management and balance held under mobile money trust are also included as a component of cash and cash equivalents.

2.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets-held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets (measured in accordance with IAS 12) and financial assets which are measured at fair value in accordance with IFRS 9. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

Loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative loss previously recognised.

If the criteria for the held for sale are no longer met, it ceases to be classified as held for sale and is measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation/amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.16 Share capital/share premium

Ordinary shares are classified as equity when the Group 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 Group and there is no contractual obligation whatsoever to that effect. Share premium account is used to record the premium on issue of shares.

2.17 Employee benefits

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

- **Defined contribution plans**

The contributions to defined contribution plans are recognised in profit or loss as and when the services are rendered by employees. The Group has no further obligations under these plans beyond its periodic contributions.

- **Defined benefit plans**

The Group has defined benefit plans in the form of 'Retirement Benefits' and 'Severance Pay' wherein the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each quarterly reporting periods. The obligation towards the said benefits is recognised in the balance sheet under provisions, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using appropriate discount rate.

Defined benefit costs are split into the following categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements
- interest expense
- remeasurements

The Group recognises service costs within profit or loss as employee benefit expenses. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Interest cost is calculated by applying a discount rate to the defined benefit liability and is recognised within finance costs. Remeasurements comprising actuarial gains and losses are recognised immediately as a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified.

- **Other long-term employee benefits**

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

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

- **Share-based payments**

Please refer to note 2.18 below.

2.18 Share-based payments

The Group operates equity-settled and cash-settled compensation plans, under which the Group receives services from employees as consideration for cash-settled units/equity shares.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 7.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates of the number of equity instruments expected to vest, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

The cost of cash-settled plans is measured initially at fair value at the grant date, further details of which are given in note 7. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including, the settlement date, with changes in fair value recognised in employee benefits expense. The credit is recognised as a liability within other financial liabilities.

As at each reporting date, the Group revises its estimates of the number of options that are expected to vest, if required. It recognises the impact of any revision to original estimates in the period of change. Accordingly, no expense is recognised for awards that do not ultimately vest, except for which vesting is conditional upon a market performance/non-vesting condition. These are treated as vesting irrespective of whether or not the market/non-vesting condition is satisfied, provided that service conditions and all other non-market performance are satisfied.

Where the terms of an award are modified, in addition to the expense pertaining to the original award, an incremental expense is recognised for any modification that results in additional fair value, or is otherwise beneficial to the employee as measured at the date of modification.

2.19 Provisions

a. General

Provisions are recognised when the Group 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 obligation, and the amount of the obligation can be reliably estimated.

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

b. Provision for legal, tax and regulatory matters

The Group is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Group. Management, in consultation with the legal, tax and other advisers, assesses the likelihood that a pending claim will succeed. The Group recognises a provision in cases where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations arising from such claims. Please also refer to the changes in accounting policies and disclosures under note 2.1.

c. Asset retirement obligation (ARO)

AROs are recognised for those lease arrangements where the Group has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. AROs are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

2.20 Contingencies

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

2.21 Revenue

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Group has received or expects to receive in exchange of those products or services, net of any taxes/duties and discounts. When determining the consideration to which the Group is entitled for providing promised products or services via intermediaries, the Group assesses whether the intermediary is a principal or agent in the onward sale to the end customer. To the extent that the intermediary is considered a principal, the consideration to which the Group is entitled is determined to be that received from the intermediary. To the extent that the intermediary is considered an agent, the consideration to which the Group is entitled is determined to be the amount received from the customer; the upfront discount provided to the intermediary is recognised as a cost of sale.

The Group has entered into certain multiple-element revenue arrangements, which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately.

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells equipment and network services separately.

2. Summary of significant accounting policies continued

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:

- **Service revenue**

Service revenue is derived from the provision of telecommunication services and mobile money services to customers. The majority of the customers of the Group subscribe to the services on a pre-paid basis.

Telecommunication service revenues mainly pertain to usage, subscription charges for voice, data, messaging and value added services and customer onboarding charges, which include activation charges.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Group'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.

Customers pay in advance for services of the Group, these cash amounts are recognised in deferred income on the consolidated statement of financial position and transferred to the consolidated income statement when the service obligation has been performed/ when the usage of services becomes remote.

The Group recognises revenue from these services over time as they are provided. Revenue is recognised over time 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.

Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue is recognised upon successful onboarding of customers, i.e. upfront.

Revenues recognised in excess of amounts invoiced are classified as unbilled revenue. If amounts invoiced/collected from a customer are in excess of revenue recognised, a deferred revenue/advance income is recognised.

Service revenues also includes revenue from interconnection/roaming charges for usage of the Group's network by other operators for voice, data, messaging and signaling services. These are recognised upon transfer of control of services being transferred over time.

Revenues from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements.

The Group has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each others' network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Group's network i.e. the service is rendered.

As part of the mobile money services, the Group earns commission from merchants for facilitating recharges, bill payments and other merchant payments. It also earns commissions on transfer of monies from one customer wallet to another. Such commissions are recognised as revenue at a point in time on fulfillment of these services by the Group.

- **Costs to obtain or fulfil a contract with a customer**

The company has estimated that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and has changed its policy on cost deferral recognition in these financial statements. Accordingly, the company has deferred such costs over expected average customer life (for more details refer to note 6).

- **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.

2.22 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

2.23 Operating profit

Operating profit is stated as revenue less operating expenditure including depreciation and amortisation and operating exceptional items. Operating profit excludes finance income, finance costs, non-operating income and share of results of joint ventures/associate.

2.24 Alternative performance measures (APM) – Exceptional items

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs, which provide additional useful information on the underlying trends, performance and position of the Group. This assessment covers the nature of the item being one-off or non-routine, the cause of occurrence being non-controllable and the scale of impact of that item on reported performance in accordance with the exceptional items policy.

To monitor the performance, the Group uses the following APMs:

- 'Underlying profit before tax' representing profit before tax for the period excluding the impact of exceptional items
- 'Underlying profit after tax' representing profit after tax for the period excluding the impact of exceptional items and tax on exceptional items

Exceptional items refer to items of income or expense within the consolidated statement of comprehensive income, which are of such size, nature or incidence that their exclusion is considered necessary to explain the performance of the Group and improve the comparability between periods. Reversals of previous exceptional items are also considered as exceptional items. When applicable, these items include network modernisation, share issue expenses, restructuring costs, impairments, initial recognition of deferred tax assets, impact of mergers etc. A breakdown of the exceptional items included in the consolidated statement of comprehensive income is disclosed in note 11.

For other APMs, refer to pages 194-197 of this report.

2.25 Dividends

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

2.26 Earnings per share (EPS)

The Group presents the basic and diluted EPS data. Basic EPS are computed by dividing the profit for the period attributable to the owners of the parent 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. Critical accounting estimates, assumptions and judgements

The estimates and judgements used in the preparation of these financial statements are continuously evaluated by the Group, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group believes to be reasonable under the existing circumstances. These estimates and judgements are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Group 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 uncertainty

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:

- **Uncertain tax treatments**

Uncertainties exist with respect to the interpretation of complex tax regulations. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions/contingencies, based on reasonable estimates, for potential consequences of matters which are subject to audits by the tax authorities of the respective countries in which it operates as well as where the probability of acceptability of such matters by tax authorities is in doubt. The amount of such provisions/contingencies is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority, which may be subject to a material change within the next financial year. For details on provisions and contingencies, refer to notes 26 and 30 respectively.

- **Deferred tax assets**

Deferred tax assets are recognised by the Group, for the unused tax losses and temporary differences for which there is probability of utilisation against the taxable profit. Uncertainties exist in determination of the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. As at 31 March 2020, the Group has deferred tax assets recognised in Nigeria, Democratic Republic of the Congo (DRC), Niger, Gabon, Malawi, Zambia and Chad. Deferred tax assets in DRC were recognised during the year.

DRC has carried forward tax losses and timing differences on which deferred tax was not recognised in the past. Considering DRC has been in continuous and cumulative profits and on the basis of the likely timing and the level of future taxable profits, the Group has determined it is now probable that taxable profits will be available against which the tax losses and temporary differences can be utilised. Consequently, a deferred tax asset of $58m was recognised during the year out of which $13m has been utilised and the remaining balance as of 31 March 2020 is $45m. For remaining loss making subsidiaries, the criteria to recognise a deferred tax asset was not met as of 31 March 2020. For details as to losses and deductible temporary differences for which deferred tax assets not recognised refer note 12.

- **Impairment reviews**

Goodwill is tested for impairment, at least annually and whenever circumstances indicate that it may be impaired. For details as to the impairment policy, refer to note 2.9. Accordingly, the company has performed impairment reviews. These did not result in any impairment charge.

The Group mainly operates in developing markets and in such markets, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust ten-year information for management reporting purpose, the Group uses ten-year plans for the purpose of impairment testing.

In calculating the value in use, the Group is required to make significant judgements, estimates and assumptions inter-alia concerning the growth in EBITDA, long-term growth rates and discount rates to reflect the risks involved with in the cash flows. The key assumption is the discount rate adopted which is based on weighted average cost of capital for each group of CGUs. Key inputs into the weighted average cost of capital calculation include risk free rates, equity risk premiums, country inflation and country risk premiums. Given the volatility within financial markets, there is a risk that a prolonged pandemic arising from COVID-19 could lead to increased discount rates which may give rise to an impairment over the course of the next financial year.

Further detail including the key assumptions adopted to determine the recoverable amount of goodwill are detailed in note 15.

3. Critical accounting estimates, assumptions and judgements continued

- **Useful lives of PPE**

As described at 2.7 above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Group determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful live of PPE and therefore the depreciation charges. Decrease in useful life of plant and equipment by one year will result in increase in depreciation expenses for the next year by $83m.

- **Contingent liabilities and provisions**

The Group is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Group. Management in consultation with the legal, tax and other advisers to assess the likelihood that a pending claim will succeed. The Group has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable. However, given the nature of these matters, there may be a risk of a material change within the next financial year. For further detail on provisions amounting to $65m and contingencies amounting to $189m, refer to notes 26 and 30 respectively.

3.2 Critical judgments in applying the Group's accounting policies

The critical judgements, which the management has made in the process of applying the Group's accounting policies and have the most significant impact on the amounts recognised in the financial statements, are discussed below:

- **Determining the incremental borrowing rate for lease contracts**

The Group has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available for the given markets in which Group operates, the Group has used judgement in determining the IBR by taking into consideration risk free borrowing rate based on US$ bonds and adjusting it for country and company specific risk premiums. The IBR used across the Group ranges from 6.09% to 18.82%. The value of the lease liability is sensitive to the IBR used in the calculation, for every 1% change in the average discount rate has an impact of $25m on the lease liability and $25m on the right-of-use asset.

- **Separating lease and non-lease components**

The consideration paid by the Group in telecommunication towers lease contracts include the use of land, passive infrastructure as well as maintenance, security services, etc. Therefore, in determining the allocation of consideration between lease and non-lease components, for the additional services that are not separately priced, the Group performs detailed analysis of cost split to arrive at relative stand-alone prices of each of the components. The Group bifurcation of the consideration paid between lease versus non-lease component across the Group mainly ranges from 55% to 78%, and a change of 5% would have change the right-of-use asset by $44m.

- **Determining the lease term**

Under IFRS 16 if it is reasonably certain that a lease will be extended, the Group is required to estimate the expected lease period in excess of the current contractual terms. The Group has various lease agreements with a right to extend/renew wherein it considers the nature of the contractual terms and economic factors to determine. The Group has used judgement in determining the lease period considering such factors and the lease liability has been calculated using the remaining contractual lease period for all of such lease contracts.

- **Determination of functional currency**

The Group has determined the functional currency of the Group entities by identifying the primary economic environment in which the entity operates, based on underlying facts/circumstances. However, in respect of certain intermediary foreign operations of the Group, the determination of functional currency is not obvious due to mixed indicators, and the extent of autonomy enjoyed by the foreign operations. In such cases, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4. New accounting pronouncements to be adopted on or after 1 April 2020

The following pronouncements issued by the IASB are relevant to the Group and effective for annual periods beginning on or after 1 January 2020. The Group's financial reporting will be presented in accordance with these requirements, which are being evaluated but not expected to have a material impact on the consolidated results, financial position or cash flows of the Group, from 1 April 2020.

- Amendments to IFRS 3 'Definition of business'
- Amendments to IAS 1 and IAS 8 'Definition of material'
- Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards

5. Significant transactions/ new developments

a) Under a deed dated 28 May 2019 between the company, Airtel Africa Mauritius Limited (AAML'/the 'parent) and the several global investors, the terms of minority adjustments were varied such that the obligations existing until such date were assumed by the parent of the company. Consequently, these minority adjustment liabilities amounting to $64m have been reversed through equity.

Further, other indemnity adjustments amounting to $72m expired on the publication of the registration document of the company on 28 May 2019 in accordance with the original share subscription agreement between the company and the global investors and hence these were recorded as non-operating income in the statement of comprehensive income. These were offset by other non- operating expense of $2m.

5. Significant transactions/ new developments continued

b) As outlined in the company's prospectus dated 17 June 2019 and pursuant to a resolution of the company passed on 24 May 2019, the company has completed a reduction of its share capital by cancelling and extinguishing 50,000 redeemable deferred shares and reducing the amount standing to the credit of the share premium account of the company to zero. The capital and share premium reduction were formally approved by the High Court in London and registered with the Registrar of Companies on 22 October 2019. Consequently, £50,000 were repaid to the holder of the redeemable deferred shares and entire balance of share premium was transferred to retained earnings.

c) During the year ended 31 March 2020 the government of Tanzania (GoT), Bharti Airtel Tanzania B.V. (BATBV), Bharti Airtel International (Netherlands) B.V. (BAIN) and Airtel Tanzania (AT) executed agreements to resolve all disputes. These mainly cover the following:

- New shares to be issued by AT to the GoT at no cost such that the GoT will own 49% of the entire share capital of AT and BATBV will own 51%
- Tanzania Revenue Authority's (TRA) tax claim of approximately $874m on BAIN will be treated as settled without any liability (no provision has been recognised currently)
- Tanzania Communications Regulatory Authority's (TCRA) Compliance Decision of 20 April 2018 imposing on AT a fine of approximately $183m too will be treated as settled without any liability (no provision has been recognised currently)
- TRA's various tax claims against AT of approximately $47m will, subject to verification and consideration of the records, be treated as settled without any liability (no provision has been recognised currently)
- AT will be issued a one-time tax clearance certificate in regard to tax disputes in respect of all historical tax claims up to 31 December 2018
- In all cases this shall not be construed as an admission of fact or law or as a concession or admission of any wrongdoing, obligation, liability by any party
- AT, subject to verification and consideration of the records by the TRA, will be allowed the carry-forward tax loss balance as recorded in AT's corporate tax return for the tax year ended 31 December 2017
- Parties will cooperate to effect the sale of towers and the proceeds thereof will be distributed in a pre-defined manner towards repayment of AT's shareholder loan, to be retained in AT and balance as a special one-time payout to the GoT. On receipt of its share of the proceeds from sale of towers, BATBV will waive the balance shareholder loan
- A valid Listing Waiver will be provided to AT and the Group entities in AT in accordance with the laws of Tanzania. Furthermore, in case of listing, the BATBV shares in AT are not subject to listing
- Group entities will not be subject to any tax in connection with any of the transactions described above
- AT will pay to GOT, approximately $0.4m every month for a period of 60 months, effective 1 April 2019 for the support services provided
- AT will pay a special dividend (Special Dividend) to its shareholders in proportion of their shareholding of up to 25% EBITDA based on its audited financial statements for the financial year ending 31 December 2019 subject to applicable laws

Post the agreement following matters have been resolved:

- TRA's tax claim of approximately $874m, TCRA's imposition of approximately $183m and various tax claims against AT of approximately $22m have been vacated without any liability. Since the Group did not carry any provisions for these matters, no accounting implications have arisen due to such resolution
- On 29 November 2019 AT issued 36,176,471 shares to GOT at zero effective cost, therefore increasing GOT's shareholding in AT to 49%. The Group has thus recognised non-controlling interest to the extent of 9% of carrying value of net assets of AT
- Corporate tax return for carried forwards tax losses of AT has been concluded until 31 December 2016

The completion of all other steps set out above are still in progress at the date of authorisation of the financial statements.

d) As part of the IPO process, the company, through one of the underwriters, carried out share price stabilisation activities during a 30-day period after the IPO. The company's parent lent shares to the underwriter to facilitate these stabilisation activities. Such stabilisation activities resulted in proceeds of $7m which being earned on the company's own shares has been recorded as 'Share stabilisation reserve' within 'Other components of equity'.

e) The Board approved an interim dividend of 3 cents per share on 24 October 2019, which has been paid on 25 November 2019.

f) Pursuant to the requirement of New Telecommunications Act in Malawi, it was made mandatory for companies holding electronic communication licences to have 20% local shareholding. To give effect to this, the Group has transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), a wholly owned subsidiary of Airtel Africa plc, to the public and consequently Airtel Malawi listed on Malawi Stock Exchange on 24 February 2020. Accordingly, with effect from the date of such transfer the Group has recognised a non-controlling interest equivalent to 20% of the net assets of Airtel Malawi. The excess of carrying value over consideration received from non-controlling interest (NCI) amounting to $20m, has been recognised in the 'transaction with NCI reserve', within equity.

g) In February 2019, Airtel Kenya, the Group's operating subsidiary in Kenya, entered into an agreement with Telkom Kenya Limited, the third largest mobile network operator in Kenya, to merge their respective mobile, enterprise and carrier services businesses to operate as 'Airtel-Telkom'. As at the date of these financial statements, the transaction is subject to final approval by the relevant authorities and consequently there is no impact within these financial statements.

6. Revenue

	For the year ended	
	31 March 2020	31 March 2019
Service revenue	**3,413**	3,070
Sale of products	**9**	7
	3,422	3,077

Transaction price allocated to the remaining performance obligations

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to $124m at 31 March 2020 and $110m as at 31 March 2019 will be satisfied within a period of next one year, respectively.

The Group applies the practical expedient in IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Revenue recognised that was included in the deferred revenue balance at the beginning of the year:

	During the year ended	
	31 March 2020	31 March 2019
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	**110**	107

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

	31 March 2020		31 March 2019	
	Unbilled revenue	**Deferred revenue**	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	**–**	**110**	–	107
Increases due to cash received, excluding amounts recognised as revenue during the period	**–**	**124**	–	110
Transfers from unbilled revenue recognised at the beginning of the period to receivables	**42**	**–**	44	–

Costs to obtain or fulfil a contract with a customer

In prior years, based on information available at that time, the company considered that the average life of customers across its network was less than 12 months and therefore the Group had taken the practical expedient available under IFRS 15 not to defer customer acquisition costs on initial recognition but to expense customer acquisition costs as incurred. With increased and more reliable data, the Group now estimates that the historical average customer life is longer than 12 months (up to 39 months in different geographies) and believes that its churn rate provides the best indicator of anticipated average customer life. The Group considers that it is now appropriate to change its estimate on cost deferral recognition within these financial statements, and now capitalises and amortises customer acquisition costs. The financial impact of this change was to increase profits before tax in total by $37m, out of which $10m is relating to the current year, $6m is relating to prior year and $21m is relating to earlier years. The amounts relating to the prior and earlier years are not considered material requiring restatement of the prior year financial statements and are presented as exceptional items - refer to note 11.

	During the year ended	
	31 March 2020	31 March 2019
Costs to obtain or fulfil a contract with a customer		
Opening balance	**–**	–
Costs incurred and deferred	**91**	–
Less: Cost amortised	**(54)**	–
Closing balance	**37**	–

6. Revenue continued

6.1 Segmental Information

The Group's segment information is provided on the basis of geographical clusters to the Group's chief executive officer (chief operating decision maker – CODM) for the purposes of resource allocation and assessment of performance. The Group's reporting segments are as follows:

Nigeria

East Africa – Comprising operations in Kenya, Uganda, Rwanda, Tanzania, Malawi and Zambia

Francophone Africa – Comprising operations in Niger, Gabon, Chad, Republic of the Congo, Democratic Republic of the Congo, Madagascar and the Seychelles

Each segment derives revenue from mobile services, mobile money and other services. Expenses, assets and liabilities primarily related to the corporate headquarters of the Group are presented as Unallocated Items.

The amounts reported to CODM are based on the accounting principles used in the preparation of the financial statements. Each segment's performance is evaluated based on segment revenue and segment result.

The segment result is underlying EBITDA, i.e. earnings before interest, tax, depreciation and amortisation before exceptional items as adjusted for charitable donation. This is the measure reported to the CODM for purposes of resource allocation and assessment of segment performance.

Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period in which the changes occur.

Inter-segment revenues eliminated upon consolidation of segments/Group accounting policy alignments are reflected in the 'eliminations/ adjustments' column.

Segment assets and segment liabilities comprise those assets and liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, capital work in progress, right-to-use assets, intangibles assets, inventories and cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises investment in property, plant and equipment, capital work in progress, intangible assets (excluding licences) and capital advances.

Investment elimination upon consolidation and resulting goodwill impacts are reflected in the 'elimination/adjustment' column.

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2020 is as follows:

	Nigeria	East Africa	Francophone Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Mobile services	1,367	1,039	793	–	–	3,199
Mobile money	4	157	59	–	–	220
Other	–	4	4	–	–	8
	1,371	1,200	856	(5)	–	3,422
Inter-segment revenue	2	1	3	–	(6)	–
Total revenue	1,373	1,201	859	(5)	(6)	3,422
Segment results: underlying EBITDA	744	485	292	2	(8)	1,515
Less:						
Depreciation and amortisation (excluding exceptional items)	183	229	189	2	2	605
Finance costs						440
Finance income						(67)
Non-operating Income, (net)						(70)
Share of loss of associate						(0)
Charitable donation	1	0	0	4	–	5
Exceptional items pertaining to operating profit	(5)	(10)	12	–	7	4
Profit before tax						598
Other segment items						
Capital expenditure	325	181	133	3	–	642
As of 31 March 2020						
Segment assets	1,476	1,672	1,663	26,202	(21,688)	9,325
Segment liabilities	1,078	2,678	2,632	16,985	(17,329)	6,044
Investment in associate (included in segment assets above)	–	–	3	–	–	3

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

6. Revenue continued

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2019 is as follows:

	Nigeria	East Africa	Francophone Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Mobile services	1,100	983	827	–	–	2,910
Mobile money	5	114	51	–	–	170
Others	–	3	4	–	–	7
	1,105	1,100	882	(10)	–	3,077
Inter-segment revenue	1	2	6	–	(9)	–
Total revenue	1,106	1,102	888	(10)	(9)	3,077
Segment results: underlying EBITDA	550	442	339	(26)	27	1,332
Less:						
Depreciation and amortisation (excluding exceptional items)	157	226	180	1	(32)	532
Finance costs						394
Finance income						(32)
Non-operating Income (net)						–
Share of results of associate						24
Charitable donation	0	0	(0)	4	–	4
Exceptional items pertaining to operating profit (net)	22	7	24	3	6	62
Profit before tax						348
Other segment items						
Capital expenditure	180	257	190	–	3	630
As of 31 March 2019						
Segment assets	1,253	1,883	1,525	29,781	(25,336)	9,106
Segment liabilities	1,130	2,891	2,695	16,926	(16,966)	6,676
Investment in associate (included in segment assets above)	–	–	3	–	–	3

The other geographical information disclosure on non-current assets (PPE, CWIP, ROU, intangible assets, including goodwill and intangible assets under development) required by IFRS 8 is given below:

	As of	
	31 March 2020	31 March 2019
United Kingdom	**1**	–
Nigeria	**1,142**	867
Netherlands	**3,891**	4,072
Foreign	**2,126**	2,225
Total	**7,160**	7,164

7. Employee benefits expense

	For the year ended	
	31 March 2020	31 March 2019
Salaries	**198**	202
Defined contribution plan cost	**14**	14
Defined benefit plan cost	**1**	2
Staff welfare expenses	**13**	13
Others	**8**	5
	234	236

Employee benefit expenses also includes directors' remuneration. For further information about the remuneration of individual directors, please refer to pages 100-114 of the director's remuneration report.

Detail of year ended and monthly average number of people employed by the Group during the year:

	For the year ended			
	31 March 2020		31 March 2019	
	Year end	Average	Year end	Average
Nigeria	**649**	**606**	591	583
East Africa	**1,179**	**1,145**	1,116	1,121
Francophone Africa	**1,226**	**1,228**	1,224	1,266
Corporate and others	**309**	**236**	144	148
Total	**3,363**	**3,215**	3,075	3,118

7.1 Share-based payment plans

Until listing of the company, the Group had a performance unit plan (PUPs) in place, whereby the eligible employees of the Group were provided with cash-settled units. In these PUPs a cash payout was required to be made to the eligible employees on the basis of applicable vesting conditions in each year and as per the graded pre-defined vesting percentage. The eligible amount used for computation of the liability was calculated with reference to the share price of Bharti Airtel Limited. On IPO, these PUPs have been replaced with 'shadow stock plan' awards and 'replacement stock awards' at an offer price of $1.01. The benefits under the new replaced plans are based on share price of Airtel Africa plc.

Apart from above mentioned plans, after IPO the company issued new plans to its employees therefore the following table provides an overview of all existing share option plans of the Company:

Scheme	Plans	Vesting period (years)	Contractual term (years)
Equity-settled plans	Replacement stock awards	1-2	2
	IPO awards	1-3	3
	IPO share options	1-3	10
	IPO executive share options	1-3	10
Cash-settled plans	Shadow stock plan	1-2	–

For IPO awards, replacement stock awards and shadow stock awards, vesting is subject to service, total shareholder return (TSR) and financial performance conditions while for IPO share options and IPO executive share options, vesting is subject to service condition only.

The followings table exhibits the net compensation expenses under the scheme:

	For the year ended	
	31 March 2020	31 March 2019
Expenses/(gain) arising from cash-settled share-based payment transaction	**0**	2

On completion of IPO, performance unit plans have been converted into shadow stock plans and replacement stock awards. Apart from above mentioned plans, the Group has given some new plans to its employees, therefore the following table provides an overview of all existing share option plans of the Group.

7. Employee benefits expense continued

Details of share options outstanding during the year are as follows:

	31 March 2020	
	Number of share options (in '000)	**Weighted average exercise price**
Replacement stock awards		
Outstanding at beginning of year	–	–
Converted from performance unit plans	674	–
Expired during the year	–	–
Outstanding at the end of the year	674	–
IPO Awards		
Outstanding at beginning of year	–	–
Granted during the year	755	–
Expired during the year	–	–
Outstanding at the end of the year	755	–
IPO share options		
Outstanding at beginning of year	–	–
Granted during the year	3,132	1
Expired during the year	–	–
Outstanding at the end of the year	3,132	1
IPO executive share options		
Outstanding at beginning of year	–	–
Granted during the year	12,517	1
Expired during the year	(636)	–
Outstanding at the end of the year	11,881	1
Shadow stock plan		
Outstanding at beginning of year	–	–
Converted from performance unit plans	2,276	–
Expired during the year	(433)	–
Outstanding at the end of the year	1,843	–

On completion of IPO, performance unit plans has been converted into shadow stock awards and replacement stock awards. Performance unit plans do not exist as on 31 March 2020:

	31 March 2020 Number of share options (in '000)	31 March 2019 Number of share options (in '000)
Performance unit plans (PUP)		
Outstanding at beginning of year	1,130	980
Granted	–	670
Exercised	(407)	(303)
Forfeited/expired	(102)	(217)
Converted into shadow stock plan	(479)	–
Converted into replacement stock awards	(142)	–
Outstanding at end of year	–	1,130
Exercisable at end of year	–	–

There are no shares as on 31 March 2020 which are exercisable.

The total carrying value of cash-settled share-based compensation liability is $1m and $3m as of 31 March 2020 and 2019, respectively.

7. Employee benefits expense continued

The fair value of options is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity-settled plans and fair value of cash-settled plans are given in the below table:

	31 March 2020
Risk free interest rates	**0.12% to 0.69%**
Expected life (years)	**0.67 to 6.46**
Volatility	**26.46% to 34.43%**
Dividend yield	**10.00%**
Share price on the date of grant (US$)	**0.91 to 0.96**

	31 March 2019
Performance unit plans (PUP)*	
Risk free interest rates	6.31% to 7.16%
Expected life (years)	0.36 to 4.36
Volatility	34.54%
Dividend yield	0.75%
Share price on the date of grant (US$)	4.77

* Performance unit plans were linked to the share price of Bharti Airtel Limited hence valuation input of current plans and PUP are not comparable

The expected life of the stock options is based on the Group's expectations and is not necessarily indicative of exercise patterns that may actually occur. The expected volatility reflects the assumption that the historical volatility over a period to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome. Further, the expected volatility is based on the weighted average volatility of the comparable benchmark companies.

The details of weighted average remaining contractual life, weighted average fair value and weighted average share price for the options are as follows:

Performance unit plans (PUP)	31 March 2019
Remaining contractual life for the options outstanding as of (years)	0.35 to 2.36
Fair value for the options granted during the year ended (US$)	4.62 to 5.13
Share price for the options exercised during the year ended (US$)	2.7 to 8.56

Existing plans	**31 March 2020**
Remaining contractual life for the options outstanding as of (years)	**1 to 9**
Fair value for the options granted during the year ended (US$)	**0 to 0.45**
Share price for the options exercised during the year ended (US$)	**–**

7. Employee benefits expense continued

7.2 Employee benefits

The details of significant employee benefits (included within provisions) are as follows (for detail towards plans refer to note 2.17):

	For the year ended 31 March 2020				For the year ended 31 March 2019			
	Retirement benefits	Severance benefits	Compensated absences	Total	Retirement benefits	Severance benefits	Compensated absences	Total
Obligation:								
Balance as at beginning of the year	9	4	7	20	5	4	8	17
Current service cost	1	0	3	4	0	1	2	3
Interest cost	1	0	1	2	0	0	1	1
Benefits paid	(0)	(1)	(3)	(4)	–	(0)	(3)	(3)
Past service cost	0	–	0	0	1	–	–	1
Remeasurements	(1)	(0)	0	(1)	3	(1)	(1)	1
Exchange differences	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)
Present value of employee benefit obligation	10	3	8	21	9	4	7	20
Liability recognised in the balance sheet	10	3	8	21	9	4	7	20
Current portion	2	1	3	6	2	0	3	5
Non-current portion	8	2	5	15	7	4	4	15

Amount recognised in other comprehensive income for the above plans

	For the year ended	
	31 March 2020	31 March 2019
Gain/(loss) from change in experience assumptions	1	(0)
Gain/(loss) from change in demographic assumptions	0	0
Gain/(loss) from change in financial assumptions	(0)	(2)
Remeasurements on Liability	1	(2)

Due to its defined benefit plans, the Group is exposed to the following risks:

Salary risk – The present value of the defined benefit plans liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The financial (a year rates) and demographic assumptions used to determine defined benefit obligations are as follows:

	As of	
	31 March 2020	31 March 2019
Discount rate	7.70% to 16.00%	7.75% to 15.50%
Rate of return on plan assets	NA	NA
Rate of salary increase	2.34% to 6.00%	1.96% to 5.00%
Rate of attrition	5.57% to 11.00%	5.00% to 6.90%
Retirement age	59 to 60 years	59 to 60 years

The Group regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

7. Employee benefits expense continued

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligations is given in the table below:

		As of 31 March 2020			As of 31 March 2019		
		Retirement benefits	Severance benefits	Total	Retirement benefits	Severance benefits	Total
Discount rate	+1.00%	(1)	(0)	(1)	(1)	(0)	(1)
	–1.00%	1	0	1	1	0	1
Salary growth rate	+1.00%	1	0	1	1	0	1
	–1.00%	(1)	(0)	(1)	(1)	(0)	(1)
Withdrawal rate	+1.00%	(0)	1	1	(1)	1	0
	–1.00%	0	(1)	(1)	1	(1)	(0)

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, because of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular underlying actuarial assumption, while assuming all other assumptions to be constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The table below summarises the maturity profile and duration of the defined benefits plan liability:

	As of	
	31 March 2020	31 March 2019
Within one year	3	2
Within one-three years	1	1
Within three-five years	6	4
Above five years	11	9
	21	16
Weighted average duartion in years	7	7

8. Other expenses

	For the year ended	
	31 March 2020	31 March 2019
Cost of good sold[1]	141	112
Repair and maintainance	38	35
Legal and professional fees	32	22
Rates and taxes	25	15
Content cost	21	28
IT expenses	16	21
Travel and conveyance	15	12
Customer care expenses	16	14
Charitiable donation	5	4
Provision for capital work in progress and others	(17)	14
Others[2]	41	41
	333	318

1 Cost of goods sold mostly relates to cost of handsets and payment gateway charges

2 Others include printing and stationery, security, rent and billing, insurance and software expenses

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

8. Other expenses continued

8.1 Auditor's remuneration

The total remuneration of the Group's auditor, Deloitte and other member firms of Deloitte, for services provided to the Group during the year ended 31 March 2020 and 2019 respectively is analysed below ($'000):

	For the year ended	
	31 March 2020	31 March 2019
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	**1,958**	–
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries	**2,125**	–
Total audit fees post-IPO	**4,083**	–
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	**–**	744
Fees payable to the Company's auditor and their associates for other services to the Group – for audit of the Company's subsidiaries	**–**	1,933
Total audit fees pre Initial Public Offering (IPO)	**–**	2,677
Total audit	**4,083**	2,677
Non-audit services		
Fees payable to the Company's auditor associates for accountant's report on IPO of Airtel Malawi Limited	**38**	11
Fees payable to the Company's auditor associates for quarterly assurance services performed by compontent teams	**946**	–
Fees payable to the Company's auditors for quarterly review procedures performed by Deloitte UK for the purposes of Airtel Africa plc	**544**	–
Fees payable to the Company's auditors for half yearly review procedures performed by Deloitte UK for the purposes of Airtel Africa plc	**379**	–
Post-IPO non-audit services	**1,907**	11
Fees payable to the Company's auditor associates for quarterly assurance services performed by compontent teams	**–**	858
Fees payable to the Company's auditor associates for taxation and Ohada accounting support	**–**	354
Fees payable to the Company's auditors for other services to the Group – Airtel Africa IPO-related costs[1]	**2,464**	3,695
Pre-IPO non-audit services	**2,464**	4,907
Total non-audit fees	**4,371**	4,918
Total fees	**8,454**	7,595

1 These costs were incurred from the Group raising equity through an initial public offering and have been charged against equity

9. Depreciation and amortisation

	For the year ended	
	31 March 2020	31 March 2019
Depreciation	**549**	501
Amortisation	**83**	72
	632	573

10. Finance costs and income

	For the year ended	
	31 March 2020	31 March 2019
Finance costs		
Interest on borrowings	**172**	195
Interest on lease liabilities	**127**	126
Amortisation of loan origination costs	**3**	6
Net exchange loss	**110**	45
Other finance charges[1]	**28**	22
	440	394
Finance income		
Interest income on deposits	**29**	19
Interest income on others	**0**	2
Net gain on derivative financial instruments	**38**	11
	67	32

1 This includes bank charges, corporate guarantee fees and commitment fees

11. Exceptional items

Underlying profit/loss before tax excludes the following exceptional items:

	For the year ended	
	31 March 2020	31 March 2019
Profit before tax	**598**	348
Add: Exceptional items		
– Network modernisation[1]	**27**	41
– Share issue and IPO-related expenses[2]	**7**	–
– Reversal of indemnities[3]	**(72)**	–
– Deferment of customer cost acquisition[4]	**(27)**	–
– Settlement of litigations and claims[5]	**–**	19
– Prepayment of bonds[6]	**–**	7
– Voluntary retirement scheme[7]	**–**	2
	(65)	69
Underlying profit before tax	**533**	417

1 Mainly includes accelerated depreciation pertaining to the non-usable de-installed network equipment as part of the Group's one time network modernisation programmes started in 2017 and is expected to be completed by June 2020

2 Represents equity issuance related expenses under IPO of the company including cost and fair value changes of derivatives taken for IPO proceeds. It also includes equity issuance cost of rights issue in a subsidiary, Republic of the Congo

3 Represents expiry of indemnity obligation on the publication of registration document of the company. This is presented as 'Non-operating income' in the statement of comprehensive income - for further details, refer to note 5a

4 Represents one time current year income statement impact relating to previous periods of $27m on deferment of customer acquisition costs following reassessment of customer life - for futher details, refer to note 6

5 Represents a charge due to settlement of past litigations, vendor claims, reconciliation of balances and tax related contingent liability

6 Represents accelerated amortisation of transaction costs and fair value hedge adjustment on account of prepayment of $1,000m bonds

7 Mainly relates to the voluntary retirement of employees on account of restructuring in Madagascar and Rwanda

Underlying profit after tax excludes the following exceptional items:

	For the year ended	
	31 March 2020	31 March 2019
Profit after tax	**408**	426
– Exceptional item (as above)	**(65)**	69
– Tax on above exceptional items	**4**	(4)
– Deferred tax asset recognition in DRC and Nigeria[1]	**(51)**	(163)
– Reversal of current tax provision	**–**	(27)
– Settlement of tax litigations in a subsidiary	**–**	6
	(112)	(119)
Underlying profit after tax	**296**	307

Profit attributable to non-controlling interests include benefit of $3m and $9m during the year ended 31 March 2020 and 2019 respectively, relating to the above exceptional items.

1 See note 3.1 for information with regard to deferred tax assets

12. Income tax

The major components of the income tax (credit)/expense are:

	For the year ended	
	31 March 2020	31 March 2019
Current income tax		
– For the year	**200**	122
– Adjustments for prior periods	**(24)**	(33)
	176	89
Deferred tax		
– Origination and reversal of temporary differences	**72**	2
– Recognition of deferred tax on tax losses & temporary differences	**(58)**	(169)
	14	(167)
Income tax expense	**190**	(78)

Factors affecting the tax expense for the year

The table below explains the differences between the expected tax expenses, being the aggregate of the Group's geographical split of profits/(loss) multiplied by the relevant local tax rates and the Group's total tax expense for each year:

	For the year ended	
	31 March 2020	31 March 2019
Profit before tax as shown in the consolidated income statement	**598**	348
Blended tax rate[1]	**32.16%**	30.84%
Tax expense at the Group's blended tax rate	**192**	107
Effect of:		
Tax on dividend & undistributed retained earnings of subsidiaries	**22**	(7)
Withholding taxes on Group management fees/Irrecoverable withholding taxes	**11**	9
Adjustment in respect of previous years	**(24)**	(33)
Deferred tax triggered during the year	**(58)**	(170)
Minimum alternate tax for which no credit is allowed	**6**	10
Items for which no deferred tax asset recognised	**30**	24
Expenses (net) not taxable/deductible	**9**	10
Settlement of various disputes/Adjustment in respect of prior year tax liabilities	**3**	(32)
Other tax	**(1)**	4
Income tax expense/(income)	**190**	(78)

1 Blended tax rate has been derived by applying the following formula: profit/(loss) before tax for each entity multiplied by respective statutory tax rate/consolidated profit before tax. For effective tax rate, please refer to the alternative performance measures on pages 194-201

For the year ended 31 March 2020, $58m of deferred tax asset was recognised on brought forward tax losses and other deductible temporary differences for DRC due to continued improvement in profitability. During the year, unwinding of deferred tax for $13m of this accounted in DRC is included as part of other tax. Hence, overall deferred tax assets on the reporting date reduced to $45m in DRC. For the year ended 31 March 2019 includes income of $170m of deferred tax asset recognised for Nigeria against deductible temporary differences and carried forward losses.

During the year, a current tax benefit of $17m arose as a result of the use of tax losses in the period for which no deferred tax asset was recognised at prior year end.

Other tax includes reversal of withholding tax obligation for $18m.

12. Income tax continued

The analysis of deferred tax assets and liabilities is as follows:

Deferred tax in jurisdictions with net deferred tax assets is comprised of:

	As of	
	31 March 2020	31 March 2019
Deferred tax assets (net)		
a) Deferred tax asset arising out of		
Provision for impairment of trade receivables/advances	**28**	47
Carry forward losses	**288**	302
Deferred revenue	**2**	5
Fair valuation of financial instruments and exchange differences	**15**	33
Depreciation/amortisation on PPE/intangible assets	**28**	23
Deferred tax asset on fair valuation of PPE/Intangible	**6**	25
Others	**14**	2
b) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	**(1)**	(1)
Depreciation/amortisation on PPE/intangible assets	**(47)**	(90)
Others	**0**	–
	333	346

Deferred tax in jurisdictions with net deferred tax liabilities is comprised of:

	As of	
	31 March 2020	31 March 2019
Deferred tax liabilities (net)		
a) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	**0**	(1)
Depreciation/amortisation on PPE/intangible assets	**(55)**	(42)
Others	**(0)**	–
Deferred tax liability on retained earnings	**(18)**	(1)
b) Deferred tax asset arising out of		
Provision for impairment of trade receivables/advances	**4**	5
Fair valuation of financial instruments and exchange differences	**2**	6
Others	**(2)**	–
	(69)	(33)

Deferred tax assets and liabilities are consolidated jurisdiction wise at component level and net deferred tax assets/liability in the jurisdictions is segregated into deferred tax assets and deferred tax liability component.

Net deferred tax asset/(liability) reflected in the statement of financial position is as follows:

	As of	
	31 March 2020	31 March 2019
Deferred tax asset	**333**	346
Deferred tax liabilities	**(69)**	(33)

Movement reflected in profit and loss for each of the temporary differences and tax losses carryforward is as follows:

	As of	
	31 March 2020	31 March 2019
Deferred tax expenses/(benefit)		
Provision for impairment of trade receivables/advances	**16**	(10)
Carry forward losses	**(3)**	(156)
Fair valuation of financial instruments and exchange differences	**13**	36
Depreciation/amortisation on PPE/intangible assets	**(38)**	(21)
Deferred revenue	**–**	(0)
Deferred tax asset on fair valuation of PPE/intangible	**19**	4
Undistributed retained earnings	**17**	(14)
Others	**(10)**	(6)
	14	(167)

12. Income tax continued

The movement in deferred tax assets and liabilities during the year is as follows:

	As of	
	31 March 2020	31 March 2019
Opening balance	**313**	163
Tax (expense) / Income recognised in statement of profit & loss	**(14)**	167
Translation adjustment and others - recognised in other comprehensive loss	**(35)**	(17)
Closing balance	**264**	313

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward tax losses/credits can be utilised. Accordingly, the Group has not recognised deferred tax assets in respect of deductible temporary differences and carry forward tax losses of $1,835m and $1,491m as of 31 March 2020 and 31 March 2019 respectively, as it is not probable that relevant taxable profits will be available in future. The applicable tax rates for the same vary from 20% to 40%, depending on the tax jurisdiction in which the respective Group entity operates.

Unused tax losses and deductible temporary differences for which no deferred tax assets is recognised:

	As of	
	31 March 2020	31 March 2019
Expiring within five years	**1,050**	915
Expiring beyond five years	**267**	361
Unlimited	**518**	215
	1,835	1,491

Unused tax losses and deductible temporary differences for which deferred tax assets is recognised:

	As of	
	31 March 2020	31 March 2019
Expiring within five years	**173**	29
Unlimited	**786**	955
	959	984

The Group has not recognised deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve with respect to certain of its subsidiaries where the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries will not distribute the profits in the foreseeable future. Also, the Group does not recognise deferred tax liability on the unremitted retained earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution. The taxable temporary difference associated with respect to unremitted retained earnings is $18m and $1m as of 31 March 2020 and 31 March 2019 respectively. The distribution of the same is expected to attract a tax in range of Nil to 20% depending on the tax rate applicable as of 31 March 2020 in the jurisdiction in which the respective the Group entity operates.

Factors affecting the tax charge in future years

a) The Group's future tax charge and effective tax rate, could be affected by the following factors:

- Change in income tax rate in any of the jurisdictions in which the Group operates
- Overall profit mix between profit and loss making entities
- Withholding tax on distributed and undistributed retained earnings of subsidiaries
- Recognition of deferred tax assets in any of the Group entities meeting the criteria

b) The Group is routinely subject to audit by tax authorities in the jurisdictions in which the Group entities operate. The Group recognises tax provisions based on reasonable estimates for those matters where tax determination is uncertain but it is considered probable that there will be a future outflow of funds to tax authorities. The amount of such provisions are based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the tax authority in jurisdictions in which the Group operates; the amount ultimately paid in these kind of uncertain tax cases may differ materially and could therefore affect the Group's overall profitability and cash flows in future.

c) The tax impact of a transaction disclosed as contingent liability can also be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. Refer to note 30 for details of the contingencies pertaining to income tax.

13. Earnings per share (EPS)

The details used in the computation of basic EPS:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the period attributable to owners of the company	**370**	388
Weighted average ordinary shares outstanding for basic EPS[1]	**3,585,634,531**	1,986,357,935
Basic EPS	**10.31c**	19.54c

1 During the current year, the company as part of its IPO issued 676,406,927 shares. For periods prior to the re-organisation, the weighted average number of shares has been calculated by multiplying the weighted average number of shares of BAIN by the share for share exchange ratio. For the period post re-organisation, the weighted average number of shares considered the shares in issue during the period from 7 September 2018 to 31 March 2019

The details used in the computation of diluted EPS:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the period attributable to owners of the company	**370**	388
Weighted average ordinary shares outstanding for diluted EPS[1,2]	**3,586,678,328**	1,986,357,935
Diluted EPS	**10.30c**	19.54c

Deferred shares have not been considered for EPS computation as they don't have right to participate in profits.

1 The difference between the basic and diluted number of shares at the end of March 2020 being 1,150,280 (March 2019: Nil) relates to awards committed but not yet issued under the Group's share-based payment schemes

2 Refer to note 27 for detail on the ordinary share movements as part of the Initial Public Offering (IPO) process during the year ended 31 March 2020

14. Property, plant and equipment (PPE)

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended 31 March 2020 and 31 March 2019:

	Leasehold Improvements	Building	Land	Plant and Equipment[2]	Furniture & Fixture	Vehicles	Office Equipment	Computer	Total	Capital work in progress[3]
Gross carrying value										
Balance as of 1 April 2018	52	56	29	1,725	15	30	21	652	2,580	273
Additions	1	–	–	430	7	–	10	43	491	676
Disposals/adjustments[1]	–	–	3	(7)	(1)	(2)	1	4	(2)	(574)
Exchange differences	(3)	(4)	(2)	(191)	(3)	(1)	(3)	(29)	(236)	(8)
Balance as of 31 March 2019	50	52	30	1,957	18	27	29	670	2,833	367
Additions/capitalisation	**2**	**0**	**0**	**689**	**13**	**0**	**11**	**34**	**749**	**655**
Disposals/adjustments[1]	**(0)**	**–**	**(3)**	**(17)**	**(3)**	**(3)**	**(0)**	**(8)**	**(34)**	**(747)**
Exchange differences	**(2)**	**(5)**	**(1)**	**(221)**	**(3)**	**(0)**	**(3)**	**(35)**	**(270)**	**(16)**
Balance as of 31 March 2020	**50**	**47**	**26**	**2,408**	**25**	**24**	**37**	**661**	**3,278**	**259**
Accumulated Depreciation										
Balance as of 1 April 2018	40	11	1	297	7	27	14	624	1,021	–
Charge	3	3	–	334	4	1	5	26	376	–
Disposals/adjustments[1]	–	–	1	5	(1)	(2)	(3)	7	7	–
Exchange differences	(2)	(1)	–	(130)	(2)	(1)	(2)	(30)	(168)	–
Balance as of 31 March 2019	41	13	2	506	8	25	14	627	1,236	–
Charge	**3**	**3**	**0**	**362**	**6**	**0**	**8**	**24**	**406**	**–**
Disposals/adjustments[1]	**(0)**	**–**	**(1)**	**(12)**	**(3)**	**(3)**	**(0)**	**(2)**	**(21)**	**–**
Exchange differences	**(2)**	**(1)**	**0**	**(134)**	**(2)**	**(0)**	**(3)**	**(33)**	**(175)**	**–**
Balance as of 31 March 2020	**42**	**15**	**1**	**722**	**9**	**22**	**19**	**616**	**1,446**	**–**
Net carrying value										
As of 1 April 2018	12	45	28	1,428	8	3	7	28	1,559	273
As at 31 March 2019	9	39	28	1,451	10	2	15	43	1,597	367
As at 31 March 2020	**8**	**32**	**25**	**1,686**	**16**	**2**	**18**	**45**	**1,832**	**259**

1 Related to the reversal of gross carrying value and accumulated depreciation on retirement of PPE and reclassification from one category of asset to another

2 Includes PPE amounting to $4m and $44m as at 31 March 2020 and 2019 respectively, pledged against the Group's borrowings. For details towards pledge of the above assets, refer to note 23.2

3 The carrying value of capital work-in-progress as at 31 March 2020 and 2019 mainly pertains to plant and equipment

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

15. Intangible assets

The following table presents the reconciliation of changes in the carrying value of goodwill and other intangible assets for the year ended 31 March 2020 and 2019:

		Other intangible assets				
	Goodwill	Software	Licences (including spectrum)	Others	Total	Intangibles under development
Gross carrying value						
Balance as of 1 April 2018	4,322	5	743	32	780	–
Additions	–	–	19	–	19	70
Disposals/adjustments[1]	–	–	3	(5)	(2)	–
Exchange differences	(196)	–	(39)	(1)	(40)	–
Balance as of 31 March 2019	4,126	5	726	26	757	70
Additions/capitalisation	**–**	**–**	**202**	**–**	**202**	**162**
Disposals/adjustments[1]	**–**	**–**	**(139)**	**–**	**(139)**	**(202)**
Exchange differences	**(183)**	**–**	**(54)**	**(1)**	**(55)**	**–**
Balance as of 31 March 2020	**3,943**	**5**	**735**	**25**	**765**	**30**
Accumulated amortisation						
Balance as of 1 April 2018	–	5	334	23	362	–
Charge	–	–	72	–	72	–
Disposals/adjustments[1]	–	–	–	1	1	–
Exchange differences	–	–	(26)	(1)	(27)	–
Balance as of 31 March 2019	–	5	380	23	408	–
Charge	**-**	**-**	**82**	**1**	**83**	**-**
Disposals/adjustments[1]	**-**	**-**	**(143)**	**-**	**(143)**	**-**
Exchange differences	**-**	**-**	**(38)**	**(1)**	**(39)**	**-**
Balance as of 31 March 2020	**-**	**5**	**281**	**23**	**309**	**-**
Net carrying value						
As of 1 April 2018	4,322	–	409	9	418	–
As at 31 March 2019	4,126	–	346	3	349	70
As at 31 March 2020	**3,943**	**–**	**454**	**2**	**456**	**30**

1 Mainly consists of reversal of gross carrying value and accumulated depreciation on retirement of intangibles and reclassification from one category of asset to another

Weighted average remaining amortisation period of licence as of 31 March 2020 and 2019 is 8.46 years and 6.50 years, respectively.

Impairment review

The carrying amount of goodwill is attributed to the following groups of CGUs:

	As of	
	31 March 2020	31 March 2019
Nigeria	**1,373**	1,468
East Africa	**1,853**	1,935
Francophone Africa	**717**	723
	3,943	4,126

The Group tests goodwill for impairment annually on 31 December. The recoverable amounts of the above group of CGUs are based on value-in-use, which are determined based on ten-year business plans that have been approved by management for internal purposes. The Group mainly operates in emerging markets and in such markets, the plans for the short term is not indicative of the long-term future prospects and performance. Considering this and the consistent use of such robust ten-year information for management reporting purposes, the Group uses ten-year plans for the purpose of impairment testing. Management believes that this planning horizon reflects the assumptions for medium to long-term market developments and better reflects the expected performance in the markets in which the Group operates.

The cash flows beyond the planning period are extrapolated using appropriate long-term terminal growth rates. The long-term terminal growth rates used do not exceed the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with internal/external sources of information.

15. Intangible assets continued

The discount rates applied in performing the impairment assessment at 31 December were as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre tax Discount Rate	23.0%	15.3%	14.3%

At 31 December 2019, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs.

Following the outbreak of the COVID-19 pandemic, the Group's impairment tests and sensitivity analysis were updated at 31 March 2020 for current devaluations in certain countries, in particular Nigeria and Zambia, the potential impact of COVID-19 on the Group and the impact on the discount rates used. The key assumptions in performing the 31 March 2020 impairment assessment were as follows:

Assumptions	**Basis of assumptions**
Discount rate	Discount rate reflects the current market assessment of the risks specific to the group of CGUs and estimated based on the weighted average cost of capital for respective group of CGUs.
Capital expenditures	The cash flow forecasts of capital expenditure are based on experience after considering the capital expenditure required to meet coverage and capacity requirements relating to voice, data and mobile money services and facilitate continued revenue and EBITDA growth.
Earnings before interest, taxes, depreciation and amortisation (EBITDA) margins	The margins have been estimated based on past experience after considering incremental revenue arising out of voice, data services and mobile money services from the existing and new customers. Margins will be positively impacted from the increased flowthrough of revenues, efficiencies and cost optimisation/other initiatives driven by the Company, whereas factors like higher churn and increased volume-based cost of operations may impact the margins negatively. EBITDA incorporates the potential impact of COVID-19 on the Group's cash flows.
Growth rates	The growth rates used are in line with the long term average growth rates of the respective industry and country in which the entity operates and are consistent with the internal/external sources of information.

Details around the capital expenditure and growth rates used within the value in use calculations at 31 March 2020 are as follows::

Assumptions	Nigeria	East Africa	Francophone Africa
Capital expenditure[1]	10% – 20%	7.5% – 17.5%	6% – 15%
Long-term growth rate	2.6%	5.1%	3.8%

1 Capital expenditure is expressed as a percentage of revenue over the plan period

Discount rate

A critical assumption in the impairment assessment is the discount rate. The Group estimates the discount rate for each group of CGUs based on the weighted average cost of capital for each group of CGUs plus additional risk premiums, if required. Key inputs into the weighted average cost of capital calculation include risk free rates, equity risk premiums, country inflation and country risk premiums. Following the outbreak of COVID-19, there was significant volatility within the financial markets over mid and late March 2020. This led to a significant increase in equity and country risk premiums, with the increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across all jurisdictions. Subsequent to 1 April 2020, these rates have reduced, albeit still not back to the levels pre-March 2020. This volatility has led to greater complexity in determining the appropriate discount rate for the 31 March 2020 impairment assessment.

The Group has analysed the level of volatility within country risk premiums by reference to credit default swap rates in the period between 31 December 2019 and 31 March 2020, and the reduction in these rates since that date. The Group has concluded that in determining the discount rate at 31 March 2020, using spot country risk premiums would not give a discount rate that a market participant would expect at the balance sheet date in determining the present value of cash flows over the ten year business plan. Consequently, given this volatility, to determine an appropriate discount rate for the purpose of the 31 March 2020 impairment assessment, consideration has been given to average country risk premiums at December 2019, March 2020 and subsequent to March 2020, which, in the Group's view, better reflects the risks associated with cash flows over ten years and beyond. The rates adopted by management in the 31 March 2020 impairment assessment, taking into account these average country risk premiums, were as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre tax discount rate	24.5%	17.1%	16.4%

The results of the impairment tests using these rates show that the recoverable amount exceeds the carrying amount by $383m for Nigeria (16%), $669m for East Africa (22%) and $714m for Francophone Africa (46%). The Group therefore concluded that no impairment was required to the goodwill held against each groups of CGUs.

15. Intangible assets continued

Reasonably possible change in discount rate and other assumptions

Discount rate

As previously noted, the impairment assessment is sensitive to a change in discount rates. The table below sets out the March 2020 discount rate for spot country risk premiums and the breakeven discount rate for each group of CGUs.

Assumptions	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate – spot country risk premiums	26.8%	20.0%	19.4%
Pre-tax discount rate – break even	27.3%	19.6%	21.7%

Given the volatility within financial markets, there is a risk that a prolonged pandemic could lead to increased credit default rates and other inputs into determining the discount rate over a prolonged period. This could lead to discount rates moving higher than the levels seen in March 2020, thus giving rise to a possible impairment in future periods (up to $100m at the above March 2020 rates). There is also a risk that COVID-19 could lead to a decrease in future revenue growth should the impact of COVID-19 extend further into 2021 and 2022.

Other assumptions

The table below presents the increase in isolation in capital expenditure which will result in equating the recoverable amount with the carrying amount of the group of CGUs:

Assumptions	Nigeria	East Africa	Francophone Africa
Capital expenditure	3.8%	6.2%	8.8%

No reasonably possible change in the terminal growth rate would cause the carrying amount to exceed the recoverable amount.

16. Investment in joint venture and associate

The Group's interests in joint ventures/associate are accounted for using the equity method of accounting. The details (principal place of operation/country of incorporation, principal activities and percentage of ownership, interest and voting power, direct or indirect, held by the Group) of joint venture and associate are set out in note 35.

The amounts recognised in the statement of financial position are as follows:

	As of	
	31 March 2020	31 March 2019
Joint ventures	**–**	–
Associate	**3**	3
	3	3

The amount recognised in the income statement is as follows:

	For the year ended	
	31 March 2020	31 March 2019
Recognised in profit and loss		
Joint ventures	**–**	(24)
Associate	**(0)**	0
	(0)	(24)

	For the year ended	
	31 March 2020	31 March 2019
Recognised in other comprehensive income		
Joint ventures	**–**	–
Associate	**–**	(0)
	–	(0)

17. Derivative financial instruments

	As of	
	31 March 2020	31 March 2019
Assets		
Currency swaps, forward and option contracts	**9**	4
Interest swaps	**1**	46
	10	50
Liabilities		
Currency swaps, forward and option contracts	**4**	28
Interest swaps	**0**	7
Embedded derivatives[1]	**3**	68
	7	103
Non-current derivative financial assets	**0**	45
Current derivative financial assets	**10**	5
Non-current derivative financial liabilities	**(4)**	(7)
Current derivative financial liabilities	**(3)**	(96)
	3	(53)

1 During the year ended 31 March 2019, the company issued shares to several global investors. The share subscription agreements included certain indemnities that are embedded derivatives not clearly and closely related to the shares and therefore have been bifurcated and presented separately as a derivative financial liability. The fair value of those embedded derivatives was $64m as of the date of subscription. These derivative liabilities expired on 28 May 2019. Please refer to note 5 (a)

18. Security deposits

	As of	
	31 March 2020	31 March 2019
Security Deposits	**10**	13
Less: allowance for impairment of security deposits	**(3)**	(4)
	7	9

Security deposits primarily include deposits given towards rented premises, cell sites, interconnect ports.

19. Other non-financial assets

Non-current

	As of	
	31 March 2020	31 March 2019
Advances (net)[1]	**23**	19
Prepaid expenses[2]	**77**	68
Others[3]	**12**	0
	112	87

1 Advances (net) mainly includes payments made to various government authorities under protest, for tax, legal and regulatory sub judice matters and are net of allowance recognised as part of the Group's recoverability assessment of $8m and $9m as of 31 March 2020 and 2019 respectively

2 Prepaid expenses mainly includes of prepaid payment in respect of indefeasible right to use (IRU)

3 Others mainly include amount receivable from minority shareholders on account of issue of share capital in one of the subsidiaries

19. Other non-financial assets continued

Current

	As of	
	31 March 2020	March 31, 2019
Prepaid expenses[1]	**86**	65
Taxes recoverable[2]	**39**	22
Advances to suppliers (net)[3]	**15**	25
Others	**9**	6
	149	118

1 Prepaid expenses mainly includes costs to obtain or fulfil contracts with customers, prepaid payment in respect of indefeasible right to use (IRU), network costs and advance rent related to offices and shops

2 Taxes recoverable include customs duty, sales tax and value added tax

3 Advance to suppliers (net) are disclosed net of provision of $8m and $9m as of 31 March 2020 and 2019 respectively

20. Trade receivables

	As of	
	31 March 2020	31 March 2019
Trade receivable[1]	**322**	322
Less: allowance for impairment of trade receivables	**(190)**	(201)
	132	121

1 Refer to note 33 for credit risk

The movement in allowances for doubtful debts is as follows:

	For the year ended	
	31 March 2020	31 March 2019
Opening balance	**201**	214
Additions	**28**	–
Reversal	**(39)**	–
Net reversal	**(11)**	(13)
Closing balance	**190**	201

There has been no change in the estimation techniques or significant assumptions made in calculating the provision.

21. Cash and bank balances

Cash and cash equivalents

	As of	
	31 March 2020	31 March 2019
Balances with banks		
– On current accounts	**153**	59
– Bank deposits with original maturity of three months or less	**836**	774
Cheques on hand	**0**	0
Cash on hand	**21**	15
	1,010	848

Other bank balances

	As of	
	31 March 2020	31 March 2019
Margin money deposits[1]	**6**	15
	6	15

1 Margin money deposits represents amount given as collateral for legal cases and/or bank guarantees for disputed matters

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

	As of	
	31 March 2020	31 March 2019
Cash and cash equivalents as per balance sheet	**1,010**	848
Balance held under mobile money trust	**295**	238
Bank overdraft	**(218)**	(216)
	1,087	870

22. Financial assets – others

Current

	As of	
	31 March 2020	31 March 2019
Unbilled revenue	**37**	42
Claims recoverable	**10**	11
Interest accrued on investments/deposits	**2**	2
Others	**17**	18
	66	73

23. Borrowings

Non-current

	As of	
	31 March 2020	31 March 2019
Secured		
Term loans	**0**	20
Less: Current portion (A)	**(0)**	(20)
	0	0
Unsecured		
Term loans	**522**	296
Non-convertible bonds[1]	**2,353**	2,680
	2,875	2,976
Less: Current portion (B)	**(429)**	(539)
	2,446	2,437
	2,446	2,437
Current maturities of long-term borrowings (A + B)	**429**	559

23. Borrowings continued

Current

	As of	
	31 March 2020	31 March 2019
Secured		
Bank overdraft	**4**	24
	4	24
Unsecured		
Term loans	**17**	409
Bank overdraft	**214**	192
	231	601
	235	625

1 It includes impact of fair value hedges refers to note 33. During the year ended 31 March 2020, the Group made payment of non-convertible bonds of CHF 350m at maturity

23.1 Analysis of borrowings

The details given below are gross of debt origination cost and fair valuation adjustments with respect to the hedged risk.

23.1.1 Repayment terms of borrowings

The table below summarises the maturity profile of the Group's borrowings:

	As of	
	31 March 2020	31 March 2019
Within one year	**665**	1,181
Between one and two years	**895**	88
Between two and five years	**1,528**	2,364
	3,088	3,633

23.1.2 Interest rate and currency of borrowings

	Weighted average Rate of Interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
USD	**5.07%**	**2,003**	**390**	**1,613**
EUR	**3.31%**	**896**	**–**	**896**
XAF	**6.84%**	**81**	**–**	**81**
XOF	**6.61%**	**58**	**–**	**58**
Others	**8.14% to 20.25%**	**50**	**30**	**20**
31 March 2020		**3,088**	**420**	**2,668**
USD	5.17%	2,144	565	1,579
EUR	3.29%	924	86	838
CHF	3.00%	351	–	351
XAF	7.40%	63	–	63
XOF	6.69%	90	–	90
Others	9% to 20.64%	61	60	1
31 March 2019		3,633	711	2,922

23. Borrowings continued

23.2 Security details

The Group has taken borrowings in various countries towards funding of its acquisition and working capital requirements. The details of security provided by the Group in various countries are as follows:

		Outstanding loan amount		
Entity	Relation	31 March 2020	31 March 2019	Security Detail
Bharti Airtel Africa B.V. and its subsidiaries	Subsidiaries	**4**	44	Pledge of all fixed and floating assets – Tanzania (31 March 2019 – Kenya, Nigeria, Tanzania, Uganda and DRC)

All bonds contain a negative pledge covenant whereby BAIN, Bharti Airtel Limited and certain of their significant subsidiaries are not permitted to create any security interest to secure any indebtedness for borrowed money or obligations evidenced by bonds, debentures or notes (among other things, and subject to certain exceptions), without at the same time granting security equally and ratably to the holders of these bonds.

All the bonds also contain an event of default if the Bharti Airtel Limited ceases to control, directly or indirectly, at least 51% of the voting power of the voting stock of BAIN; events of default which would be triggered if the Bharti Airtel Limited, BAIN or any of the Bharti Airtel Limited's significant subsidiaries were to default on a loan greater than $50m or fail to pay a final judgment of more than $50m, and other customary events of default in the event of a voluntary or involuntary bankruptcy, insolvency or similar proceedings relating to the Bharti Airtel Limited, BAIN or the Bharti Airtel Limited's significant subsidiaries.

The US$ bonds due in 2023 (2023 bonds) amounting to $505m additionally are subject to certain covenants whereby the Bharti Airtel Limited, Bharti Airtel International (Netherlands) B.V. (BAIN) (a subsidiary of the company) and significant subsidiaries of the Bharti Airtel Limited would be restricted from incurring indebtedness unless Bharti Airtel Limited meets a designated consolidated indebtedness to underlying EBITDA ratio or the indebtedness is otherwise permitted by the 2023 bonds. These covenants are suspended if the 2023 bonds are designated as investment grade by at least two of the prescribed rating agencies. As of the date of the authorisation of these financial statements, these covenants are under suspension, and therefore, currently not applicable, based on the current credit rating of the 2023 bonds.

All the bonds are guaranteed by Bharti Airtel Limited (intermediate parent entity), for detail please refer to note 33. Such guarantee is considered an integral part of the bonds and therefore accounted for as part of the same unit of account.

23.3 Unused lines of credit[1]

The below table provides the details of un-drawn credit facilities that are available to the Group.

	As of	
	31 March 2020	31 March 2019
Secured	**505**	122
Unsecured	**363**	161
	868	283

1 Excluding non-fund based facilities

For updated details around the committed facilities available to the Group as of the date of authorisation of financial statements, see note 2.2 on going concern.

24. Financial liabilities – others

Non-current

	As of	
	31 March 2020	31 March 2019
Security deposits	**2**	–
Payable against capital expediture	**9**	–
Others[1]	**4**	7
	15	7

1 For 31 March 2019, this mainly includes consideration payable to Millicom International Cellular S.A. for acquisition of Tigo Rwanda Limited

Current

	As of	
	31 March 2020	31 March 2019
Payable against capital expenditure	**347**	359
Employees payables	**31**	41
Interest accrued but not due	**52**	56
Security deposit[1]	**11**	11
Indemnity payable[2]	**–**	72
Contingent/deferred consideration payable[3]	**3**	21
Others[4]	**17**	20
	461	580

1 This pertains to deposits received from customers/channel partners, which are repayable on demand after adjusting the outstanding if any

2 During the year ended 31 March 2019, the company issued shares to several global investors. The shares subscription agreements included certain indemnities for claim under certain stipulated indemnities or for breach of agreed warranties

3 This pertains to contingent/deferred consideration payable to Millicom International Cellular S.A. for acquisition of Tigo Rwanda Limited

4 This mainly pertains to amount payable to related parties and minority shareholders towards dividend

25. Other non-financial liabilities

Non-current

	As of	
	31 March 2020	31 March 2019
Income received in advance	**29**	34
	29	34

Current

	As of	
	31 March 2020	31 March 2019
Taxes payable[1]	**110**	92
Income received in advance	**5**	11
	115	103

1 Taxes payable include value added tax, excise, withholding taxes and other taxes payable. The timing of future cash flows are subject to significant inherent uncertainty due to the nature and progression of such cases, it being in early/nascent stage, no damages or remedies being specified and/or slow pace of litigation

26. Provisions

Non-current

	As of	
	31 March 2020	31 March 2019
Asset retirement obligation	**7**	7
Employee benefit obligations	**16**	15
Total	**23**	22

Current

	As of	
	31 March 2020	31 March 2019
Provision for sub judice matters[1]	**65**	65
Employee benefit obligations	**5**	5
Total	**70**	70

1 This includes provision for withholding income taxes on interconnect and roaming charges in one of the Group's subsidiaries amounting to $22m (March 2019: $20m). Other items included are individually immaterial

The movement of provision for sub judice matters is as given below:

	For the year ended 31 March 2020		
	Tax cases	**Legal and regulatory cases**	**Total**
Opening balance	**49**	**16**	**65**
Additions during the year[1]	**6**	**16**	**22**
Reversal during the year	**(4)**	**(1)**	**(5)**
Utilisation during the year[1]	**(4)**	**(13)**	**(17)**
Closing balance	**47**	**18**	**65**

1 Includes provision for payment of $9m for demand related to quality of services in one of the Group's subsidiaries

	For the year ended 31 March 2019		
	Tax cases	Legal and regulatory cases	Total
Opening balance	102	24	126
Additions during the year	11	1	12
Reversal during the year[1]	(62)	(2)	(64)
Utilisation during the year	(2)	(7)	(9)
Closing balance	49	16	65

1 Majorly related to income tax case in one of the Group's subsidiaries, where provision was reversed on completion of assessment

For details of contingent liabilities, see note 30.

27. Share capital

	As of	
	31 March 2020	31 March 2019
Authorised shares		
3,758,151,504 Ordinary shares of $0.5 each (March 2019: 3,081,744,577 Ordinary shares of $1 each)	**1,879**	3,082
3,081,744,577 Deferred shares of $0.5 each (March 2019: Nil)	**1,541**	–
	3,420	3,082
Issued, subscribed and fully paid-up shares		
3,758,151,504 Ordinary shares of $0.5 each (March 2019: 3,081,744,577 Ordinary shares of $1 each)[1, 2]	**1,879**	3,082
3,081,744,577 Deferred shares of $0.5 each[1] (March 2019: Nil)	**1,541**	–
	3,420	3,082

1 On 27 June 2019, the company sub-divided and converted each ordinary share of $1 into:

- One ordinary share of $0.5 each having the same rights and being subject to the same restrictions as the existing ordinary shares of the company; and
- One deferred share of $0.5 each. (Please refer terms/rights attached below)

2 On 3 July 2019 and 9 July 2019, the company completed its listing on the London Stock Exchange (LSE) and Nigerian Stock Exchange (NSE) respectively and raised $680m (including share premium of $342m) from the issue of 676,406,927 new ordinary shares

3 During the current year, in order to meet the share capital requirements for re-registration as a public limited company, the company allotted 50,000 redeemable deferred shares of £1 each (the Redeemable Deferred Shares) to AAML. In accordance with approval of High Court in London on 22 October 2019, these shares have been reduced to Nil and the amount has been paid to the shareholder

Terms/rights attached to equity shares

The company has the following two classes of ordinary shares:

- Ordinary shares having par value of $0.5 per share. Each holder of equity shares is entitled to cast one vote per share and carry a right to dividends.
- Deferred shares of $0.5 each. These deferred shares are not listed and are intended to be cancelled in due course. No share certificates are to be issued in respect of the deferred shares. These are not freely transferable and would not affect the net assets of the company. The deferred shareholders shall have no right to receive any dividend or other distribution or return whether of capital or income. On a return of capital in a liquidation, the deferred shareholders shall have the right to receive the nominal amount of each deferred share held, but only after the holder of each Other share (i.e. shares other than the deferred shares) in the capital of the company shall have received the amount paid up on each such Other share held and the payment in cash or in specie of £100,000 (or its equivalent in any other currency) on each such Other shares held. The company shall have an irrevocable authority from each holder of the deferred shares at any time to purchase all or any of the deferred shares without obtaining the consent of the deferred shareholders in consideration of the payment of an amount not exceeding one US cent in respect of all of the deferred shares then being purchased.

28. Other equity

a. Retained earnings

Retained earnings represent the amount of accumulated earnings of the company and gains/(losses) on common control transactions.

The company's distributable reserves are equal to the balance of its retained earnings of $1,009m (as presented on page 190 in the company only financial statements. The majority of the Group's distributable reserves are held in investment and operating subsidiaries. Management continuously monitors the level of distributable reserves in each company in the Group, ensuring adequate reserves are available for upcoming dividend payments and that the company has access to these reserves. During the year, the company reduced the amount standing to the credit of the share premium account of the company to zero, thereby increasing its distributable reserves by $809m, pursuant to approval by the High Court in London (see note 5(b) for more details).

b. Share premium

The aggregate difference between the par value of shares and the subscription amount is recognised as share premium.

28. Other equity continued

c. Other components of equity

	Foreign currency translation reserve	Cash flow hedge reserve	Share stablisation reserve	Shared-based payment reserve	Total
As of 1 April 2018	(1,914)	14	–	–	(1,900)
Net losses due to foreign currency translation differences	(167)	–	–	–	(167)
Net gains on net investments hedge	45	–	–	–	45
Net losses on cash flow hedge	–	(12)	–	–	(12)
As of 31 March 2019	(2,036)	2	–	–	(2,034)
Net losses due to foreign currency translation differences	**(228)**	**–**	**–**	**–**	**(228)**
Net gains on net investments hedge	**5**	**–**	**–**	**–**	**5**
Net losses on cash flow hedge	**–**	**(2)**	**–**	**–**	**(2)**
Share stabilisation proceeds (see note 5 (d))	**–**	**–**	**7**	**–**	**7**
Employee share-based payment expenses	**–**	**–**	**–**	**0**	**0**
As of 31 March 2020	**(2,259)**	**–**	**7**	**0**	**(2,252)**

28.1 Dividends

	For the year ended	
	31 March 2020	31 March 2019
Distributions to equity holders in the year:		
Interim dividend for the year of 3 cents per share	**113**	–
Proposed final dividend for the year of 3 cents per share	**113**	–

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of members on 3 July 2020. The payment of this dividend will not have any tax consequences for the Group.

29. Investments in subsidiaries

The details (principal place of operation/country of incorporation, principal activities and percentage ownership interest and voting power (direct/indirect) held by the Group) of subsidiaries are set out in note 35.

Summarised financial information of the principal subsidiaries having material non-controlling interests is as follows:

A. Airtel Networks Limited (Nigeria)

Summarised financial position

	As of	
	31 March 2020	31 March 2019
Assets		
Non-current assets	**1,415**	1,211
Current assets	**11**	47
Liabilities		
Non-current liabilities	**483**	577
Current liabilities	**512**	498
Equity	**431**	183
% of ownership interest held by NCI	**8.26%**	8.23%
Accumulated NCI	**36**	15

29. Investments in subsidiaries continued

Summarised income statement

	For the year ended	
	31 March 2020	31 March 2019
Revenue	**1,373**	1,106
Net profit	**343**	442
Other comprehensive loss/income	**(94)**	35
Total comprehensive income	**249**	477
Profit allocated to non-controlling interest	**20**	39

Summarised cash flows

	For the year ended	
	31 March 2020	31 March 2019
Net cash inflow from operating activities	**730**	508
Net cash outflow from investing activities	**(422)**	(235)
Net cash outflow from financing activities	**(248)**	(250)
Net cash inflow	**60**	23

B. Airtel Tanzania Public Limited Company

Summarised financial position

	As of	
	31 March 2020	31 March 2019
Assets		
Non-current assets	**234**	190
Current assets	**99**	89
Liabilities		
Non-current liabilities	**525**	528
Current liabilities	**218**	184
Equity	**(410)**	(433)
% of ownership interest held by NCI	**49%**	40%
Accumulated NCI[1]	**(180)**	(173)

1 Includes share of goodwill of $21m (March 2019: $Nil)

Summarised income statement

	For the year ended	
	31 March 2020	31 March 2019
Revenue	**236**	208
Net profit/loss	**27**	(18)
Other comprehensive (loss)/income	**(4)**	14
Total comprehensive income/(loss)	**23**	(4)
Profit/(loss) allocated to NCI	**11**	(2)

Summarised cash flows

	For the year ended	
	31 March 2020	31 March 2019
Net cash inflow from operating activities	**71**	43
Net cash outflow from investing activities	**(51)**	(21)
Net cash outflow from financing activities	**(18)**	(20)
Net cash inflow	**2**	2

29. Investments in subsidiaries continued

C. Airtel Malawi plc (refer to note 5(f))

Summarised financial position

	As of 31 March 2020
Assets	
Non-current assets	**126**
Current assets	**26**
Liabilities	
Non-current liabilities	**59**
Current liabilities	**61**
Equity	**32**
% of ownership interest held by NCI	**20%**
Accumulated NCI[1]	**53**

1 Includes share of goodwill of $47m (March 2019: $Nil)

Summarised income statement (refer to note 5(f))

	For the year ended 31 March 2020
Revenue	**11**
Net profit	**5**
Other comprehensive loss/income	**0**
Total comprehensive income	**5**
Profit allocated to non-controlling interest	**1**

Summarised cash flows (refer note 5(f))

	For the year ended 31 March 2020
Net cash inflow from operating activities	**7**
Net cash outflow from investing activities	**(3)**
Net cash outflow from financing activities	**(2)**
Net cash inflow	**2**

30. Contingent liabilities and commitments

(i) Contingent liabilities

	As of	
	31 March 2020	31 March 2019
(i) Taxes, duties and other demands (under adjudication/appeal/dispute)		
– Income tax	**53**	51
– Customs and excise duty	**7**	20
– Other miscellaneous demands	**13**	13
– Value added tax	**33**	40
(ii) Claims under legal cases including arbitration matters	**83**	22
	189	146

There are uncertainties in the legal, regulatory and tax environments in the countries in which the Group operates, and there is a risk of demands which may be raised based on current or past business operations. Such demands have in the past been challenged and contested on merits with appropriate authorities and appropriate settlements agreed. Other than amounts provided where the Group believes there is a probable settlement and contingent liabilities where the Group has assessed the additional possible amounts, there are no other legal, tax or regulatory obligations which may be expected to be material to the financial statements.

The movement in contingent liabilities during the year ended 31 March 2020 of $43m primarily relates to the settlement of excise duty and social contributions assessments pertaining to years 2012 to 2015 in one of the subsidiaries of the Group amounting to $20m, offset by other new cases in a few subsidiaries of the Group amounting to $70m including relating to a dispute between one of the subsidiaries and its vendor amounting to $59m as disclosed below:

One of the subsidiaries of the Group has been involved in a dispute with one of its vendors, with respect to disputed invoices for services provided to the subsidiary under a service contract. Although the original order under the contract was issued by the subsidiary for a total amount of Central African franc (CFA) 473,800,000 (approximately $1m). In 2014, the vendor initiated arbitration claiming a sum of approximately CFA 1.9bn (approximately $3.3m). Between 2015 and mid-May 2019, lower courts imposed penalty of CFA 35bn (approximately $59m) and ordered certain banks of the subsidiary to release the funds. The subsidiary lodged an immediate appeal in the Supreme Court having jurisdiction over the subsidiary for stay of execution. On 19 June, 2019, the Supreme Court granted a stay of execution. In July 2019 the Court of Appeal delivered a judgment confirming the order of mid-May 2019 condemning the subsidiary to pay the said penalties. The subsidiary appealed to the Supreme Court and applied for a stay by challenging the merits of the ruling of Court of Appeal. In September 2019, the Supreme Court issued a stay of execution against the July 2019 ruling of the Court of Appeal. With this stay of execution, the vendor was not in a position to pursue the seizure of subsidiary's bank accounts. The vendor filed an appeal before the Common Court of Justice and Arbitration (CCJA) against the Supreme Court stay order. Quite unexpectedly, the CCJA on 22 April 2020 annulled the September 2019 stay order of the Supreme Court and lifted the stay of execution. The subsidiary has sought review of the CCJA order of 22 April 2020 and will also approach Supreme Court to seek reaffirmation of its stay of execution order issued in September 2019. The Group continues to believe that the demand has no merit, however pending the outcome of these actions has disclosed $59m under contingent liabilities.

The company and its subsidiaries are currently and may become, from time to time, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to their operations. The company does not believe (after considering the analysis of IFRIC 23 for income tax matters) that it or its subsidiaries are currently involved in (i) any legal or arbitration proceedings which may have, or have had in the 12 months preceding these financial statements, a material adverse effect on the financial position or profitability of the Group; or (ii) any material proceedings in which any of the company's directors, members of senior management or affiliates are either a party adverse to the company or its subsidiaries or have a material interest adverse to the company or its subsidiaries, except as discussed below:

Tax audit 2015/2016

One of the Group's subsidiaries received preliminary tax assessments for $22m relating to Value Added Tax (VAT), Withholding Tax (WHT) and Taxes on income from securities for the period 2015/2016 from the tax authorities in December 2016.

Tax authorities claimed WHT on Interconnect user charges (IUC) services, which is the incorrect treatment under the International Telecommunication Regulations enshrined in the Melbourne Treaty; moreover, tax authorities have attempted to levy Impôt sur le revenu des valeurs mobilières (IRVM), which is also incorrect as IUC expenses are tax deductible. For VAT, the tax authorities alleged differences between the revenue stated in the draft statutory accounts, versus the revenue figures declared in the submitted VAT returns. The company rebutted this on the basis that no such difference existed once the statutory accounts had been finalised.

In addition, objections were filed in December 2016 on the basis that the tax office in Pointe-Noire raising the assessment does not have jurisdiction. A non-recoverable cash tax payment of $0m (0.5% of the assessment) was made in June 2017 following receipt of a Notice of Recovery. A bank guarantee for $2m in favour of the tax authorities was put in place in order to proceed to litigation and an application was made to the Tax authorities in order to initiate proceedings, the response to which is awaited. An amount of $23m is included within contingent liabilities in respect of this matter.

30. Contingent liabilities and commitments continued

VAT audit 2016

In July 2016, one of the subsidiaries in the mobile services business made payment to another subsidiary engaged in passive infrastructure services for all invoices raised since 2013 for rendering tower services and claimed input credit of the VAT charged on these invoices.

During the desktop VAT audit conducted by the tax authorities for 2016, the above mentioned input VAT credit claimed by the mobile services subsidiary was denied alleging that the VAT credit was time-barred. Based on the VAT rules, the mobile services subsidiary is of the view that the time limitation for claiming input VAT credit starts from the year in which payment is made against invoice. Since the payment was made in 2016, the time limit for claiming input credit (by 31 December of following year) had not lapsed.

In October 2016, the mobile services subsidiary received a Notice of Recovery and proceeded to make the 20% deposit in order to initiate litigation. The subsidiary submitted a comprehensive letter to the authorities in October 2017, for which a response is awaited from the tax authorities. An amount of $12m is included within contingent liabilities in respect of this matter.

VAT on sale of towers 2016

One of the Group's subsidiaries received a notice of assessment of $26m by the tax authorities in September 2016, which alleged that the sale of towers should have been subject to VAT. As per the VAT rules in that jurisdiction, towers should be regarded as immovable assets and should be subject to registration duty (which was duly paid) and exempt from VAT.

The subsidiary submitted a response to the tax authorities in December 2016 for which a response is awaited from the tax authorities. The company believes that the current assessment by the tax authorities contradicts their own position from an earlier assessment where towers were previously transferred. An amount of $11m is included within contingent liabilities in respect of this matter.

Other contingent liabilities

In addition to the individual matters disclosed above, in the ordinary course of business, the Group is a defendant or co-defendant in various litigations and claims. For other disputes related to tax claims in the different jurisdictions in which the Group operates, an aggregated amount of $60m has been estimated for such contingencies, whereas the total value for all other legal disputes amounts to $24m.

No provision has been made against the above claims in the financial statements, as the Group considered that it is possible, but not probable, that these contingent liabilities will crystalise.

Guarantees:

Guarantees outstanding as of 31 March 2020 and 31 March 2019 amounting to $10m and $19m respectively have been issued by banks and financial institutions on behalf of the Group. These guarantees include certain financial bank guarantees which have been given for sub judice matters; the amounts with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

(ii) Commitments

Capital commitments

The Group has contractual commitments towards capital expenditure (net of related advances paid) of $234m and $273m as of 31 March 2020 and 31 March 2019, respectively.

31. Leases

(a) As a lessee

Right-of-use assets

2019/20	Plant and equipment	Others	Total
Balance at 1 April 2019	**635**	**20**	**655**
Additions	**146**	**9**	**155**
Depreciation charge for the year	**(133)**	**(9)**	**(142)**
Foreign currency translation reserve	**(31)**	**2**	**(29)**
Balance at 31 March 2020	**617**	**22**	**639**

2018/19	Plant and equipment	Others	Total
Balance at 1 April 2018	611	29	640
Additions	156	4	160
Depreciation charge for the year	(112)	(13)	(125)
Foreign currency translation reserve	(20)	–	(20)
Balance at 31 March 2019	635	20	655

31. Leases continued

Lease liabilities

	As of	
	31 March 2020	31 March 2019
Maturity analysis:		
Less than one year	**316**	299
Later than one year but not later than two years	**300**	285
Later than two years but not later than five years	**778**	743
Later than five years but not later than nine years	**165**	323
Later than nine years	**10**	4
Total undiscounted lease liabilities	**1,569**	1,654
Lease liabilities included in the statement of financial position	**1,169**	1,218

Amounts recognised in profit or loss

	For the year ended	
	31 March 2020	31 March 2019
Interest on lease liabilities	**127**	126

i. Plant and equipment

The Group leases passive infrastructure for providing telecommunication services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy and other services. These leases typically run for a period of 3-15 years. Some leases include an option to renew the lease mainly for an additional period of 3-10 years after the end of initial contract term based on renegotiation of lease rentals. Considering this, the Group has only considered the original lease period for lease term determination.

A portion of certain lease payments change on account of changes in consumer price indices (CPI). Such payment terms are common in lease agreements in the countries where the Group operates. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

ii. Other leases

The Group's other leases comprise of lease of shops, showrooms, guest houses, warehouses, data centres, vehicles and Indefeasible right of use (IRU).

(b) As a lessor

The Group's lease arrangements as a lessor mainly pertain to passive infrastructure. Lease income from such arrangements is presented as revenue in the statement of comprehensive income.

	For the year ended	
	31 March 2020	31 March 2019
Operating lease		
Lease income recognised in profit or loss	**38**	34

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	For the year ended	
	31 March 2020	31 March 2019
Less than one year	**34**	35
One to two years	**24**	26
Two to three years	**19**	23
Three to four years	**5**	17
Four to five years	**4**	4
More than five years	**19**	16
Total	**105**	121

32. Related party disclosure

(a) List of related parties

i. Parent company

Airtel Africa Mauritius Limited (since 6 September 2018)

Network i2i Limited (until 6 September 2018)

ii. Intermediate parent entity

Network i2i Limited (since 6 September 2018)

Bharti Airtel Limited

iii. Ultimate controlling entity

Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the company.

iv. For list of subsidiaries, joint venture and associate refer to note 35

v. Other entities with whom transactions have taken place during the reporting period

a. Fellow subsidiaries

Bharti Airtel International (Mauritius) Limited

Nxtra Data Limited

Bharti Airtel (Services) Limited

Bharti International (Singapore) Pte Ltd

Bharti Airtel (UK) Limited

Bharti Airtel (USA) Limited

Bharti Airtel (France) SAS

Bharti Airtel Lanka (Private) Limited

Bharti Hexacom Limited

b. Other related parties

Airtel Ghana Limited (since 24 August 2018)

Singapore Telecommunications Limited

vi. Key Management Personnel (KMP)

Raghunath Mandava

Segun Ogunsanya

Ian Ferrao (since 2 September 2019)

Michael Foley (since 3 February 2020)

Jaideep Paul

Razvan Ungureanu

Luc Serviant (since 2 December 2019)

Daddy Mukadi

Neelesh Singh

Ramakrishna Lella

Olivier Pognon

Rogany Ramiah (since 6 May 2019)

Stephen Nthenge (since 2 May 2019)

32. Related Party disclosure continued

In the ordinary course of business, there are certain transactions among the Group entities and all these transactions are on an arm's length basis. However, the intra-group transactions and balances, and the income and expenses arising from such transactions, are eliminated on consolidation. The transactions with remaining related parties for the years ended 31 March 2020 and 2019 respectively are described below:

The summary of transactions with the above-mentioned parties is as follows:

	For the year ended											
	31 March 2020						31 March 2019					
Relationship	**Parent company**	**Inter-mediate parent entity**	**Fellow subsi-diaries**	**Joint venture**	**Associates**	**Other related parties**	Parent company	Inter-mediate parent entity	Fellow subsi-diaries	Joint venture	Associates	Other related parties
Sale/rendering of services	**–**	**8**	**84**	**–**	**–**	**0**	–	11	83	1	–	0
Purchase/receiving of services	**–**	**26**	**64**	**–**	**1**	**0**	3	26	71	1	0	1
Repayment of loans received	**–**	**–**	**–**	**–**	**–**	**–**	–	–	31	–	–	–
Rent including other charges	**–**	**1**	**–**	**–**	**–**	**–**	–	–	–	–	–	0
Guarantee and collateral fee paid	**–**	**11**	**–**	**–**	**–**	**–**	–	16	–	–	–	–
Loan conversion[1]	**–**	**–**	**–**	**–**	**–**	**–**	–	1,107	–	–	–	–
Purchase of assets	**–**	**–**	**9**	**–**	**–**	**–**	–	–	6	–	–	–
Dividend paid	**63**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–

1 Includes interest accrued but not due

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

Relationship	**Parent company**	**Intermediate parent entity**	**Fellow subsidiaries**	**Joint venture**	**Associate**	**Other related parties**
As of 31 March 2020						
Trade payables	**–**	**20**	**32**	**–**	**0**	**1**
Trade receivables	**–**	**3**	**24**	**–**	**–**	**1**
Corporate guarantee fee payable	**–**	**4**	**–**	**–**	**–**	**–**
Guarantees and collaterals taken (including performance guarantees)	**–**	**7,056**	**–**	**–**	**–**	**–**
As of 31 March 2019						
Trade payables	–	22	24	–	0	1
Trade receivables	–	1	18	–	–	1
Corporate guarantee fee payable	–	12	–	–	–	–
Guarantees and collaterals taken (including performance guarantees)	–	7,956	–	–	–	–

Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Key management compensation

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, whether executive or otherwise. Fuller disclosures on directors' remuneration are set out in the directors' remuneration report on pages 100-114. Remuneration to key management personnel were as follows:

	For the year ended	
	31 March 2020	31 March 2019
Short-term employee benefits	**7**	5
Performance linked incentive (PLI)	**2**	2
Share-based payment	**0**	1
Other long-term benefits	**2**	1
Other awards	**1**	–
	12	9

33. Financial risk management objectives and policies

The Group has liabilities in the form of borrowings, guarantees, trade and other payables as well as receivables in the form of loan and other receivables, trade and other receivables, and cash and deposits, These arise as a part of the business activities and operations of the Group.

The business activities of the Group expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Further, the Group uses certain derivative financial instruments to mitigate some of these risk exposures. The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of directors and Audit Committee. During the year, the directors decided to form a Finance Committee (for details refer to the Audit and Risk Committee report on page 80). The committee has been constituted and the major responsibilities include framing of policies and execution procedures as well as laying down the risk framework mechanisms for Treasury that will help the company achieve its strategic financial goals balancing opportunity with prudence and initiative with risk control measures. This provides assurance to the Group that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of directors of the ultimate holding company reviews and agrees policies for managing each of these risks which are summarised below:

- **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk – currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group may use derivative financial instruments such as foreign exchange forward contracts, options, currency swaps and interest rate swaps and options to manage its exposures to foreign exchange fluctuations and interest rates.

The sensitivity of the relevant consolidated statement of comprehensive income item (i.e. profit/loss before tax and other comprehensive income/loss) is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2020 and 2019.

- **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group transacts business in US$ with parties of other countries and strategic vendor purchases are also in US$. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Group may use foreign exchange options, currency swaps or forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the primary host contract requirement and risk management strategy of the Group. The Group manages its foreign currency risk by hedging a certain proportion of its foreign currency exposure, as approved by Board as per established risk management policy or higher as considered appropriate and whenever necessary.

This existing cash flow and net investment hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

Cash flow hedge

	31 March 2020		31 March 2019
Currency exchange risk hedged	**CHF to USD[1]**	EUR to USD[2]	CHF to USD
Nominal amount of hedging instruments	**CHF 350m**	€870m	CHF 350m
Maturity date	**March 2020**	December 2018	March 2020
Weighted average forward price	**1 CHF: 1.12 USD**	1 Euro: 1.12 USD	1 CHF: 1.12 USD
Carrying value of derivative instruments (liabilities)	**–**	–	26
Change in fair value during the year			
Hedged item	**(26)**	113	31
Hedging instrument	**26**	(113)	(31)
CFHR for continuing hedge (cumulative)	**–**	–	2
Hedging loss recognised during the year	**–**	(113)	(31)
Gain reclassifictaion during the year to P&L	**2**	107	25

1 Bharti Airtel International (Netherlands) B.V., a subsidiary of the company, redeemed CHF 350m bonds in March 2020 on maturity. Consequently, the cash flow hedges on these bonds have been discontinued

2 Bharti Airtel International (Netherlands) B.V., a subsidiary of the company, had redeemed EUR 1,000m bonds in December 2018. Consequently, the cash flow hedges on these bonds were discontinued

33. Financial risk management objectives and policies continued

Net investment hedge

	31 March 2020	31 March 2019
Currency exchange risk hedged	**EUR to USD**	EUR to USD
Nominal amount of hedging instruments (borrowings)	**€160m**	€365m
Maturity date	**May 2021**	May 2021
Nominal value of hedging instruments (borrowings)	**177**	410
Change in fair value during the year		
Hedged item	**(5)**	(45)
Hedging instrument	**5**	45
FCTR gain for continuing hedge (cumulative)	**420**	415
Hedging gain recognised during the year	**5**	45

Key sources of ineffectiveness in net investment hedges include reduction in amount of net assets. Key sources of ineffectiveness in cash flow hedges include reduction in amount of borrowings, changes in terms/cancellation of forward contracts and significant changes in credit risk of either party to the hedging relationship.

Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD and EUR account balances to the functional currency of the respective entities, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives (excluding options and currency swaps). The impact on Group's equity is due to change in the fair value of intra-group monetary items that form part of the net investment in foreign operations and other foreign currency monetary items designated as a hedge of the net investment in foreign operations or cash flow hedge of a highly probable forecast transaction.

	Change in currency exchange rate[1]	Effect on Profit before tax[2]	Effect on equity (OCI)[2]
For the year ended 31 March 2020			
USD	**+5%**	**81**	**61**
	-5%	**(81)**	**(61)**
EUR	**+5%**	**36**	**9**
	-5%	**(36)**	**(9)**
For the year ended 31 March 2019			
USD	+5%	113	61
	-5%	(113)	(61)
EUR	+5%	26	20
	-5%	(26)	(20)

1 '+' represents appreciation and '–' represents depreciation in USD/EUR against respective functional currencies of subsidiaries

2 Represents losses/(gains) arising from conversion/translation

- **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt interest obligations with floating interest rates. Further, the Group engages in financing activities which are dependent on market rates; any changes in the interest rates environment may impact future rates of borrowing. The Group monitors the interest rate movement and manages the interest rate risk based on its risk management policies, which inter-alia include entering into interest swaps contracts – as considered appropriate and whenever necessary. Key sources of ineffectiveness in fair value hedges include reduction in the amount of borrowings, changes in terms/cancellation of IRS contracts and significant changes in credit risk of either party to the hedging relationship. The management also maintains a portfolio mix of floating and fixed rate debt. As of 31 March 2020, after taking into account the effect of interest rate swaps, approximately 86% of the Group's borrowings are at a fixed rate of interest (31 March 2019 – 47%).

33. Financial risk management objectives and policies continued

The existing fair value hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

	31 March 2020	31 March 2019
Interest rate risk covered for currency	**USD**	USD
Nominal amount of hedging instruments	**$1200m[1]**	$1200m
Maturity date[2]		March 2023 – May 2024
Carrying value of hedging instruments (derivative assets)	**–**	15
Carrying value of hedging instruments (derivative liabilities)	**–**	7
Carrying value of hedged item (borrowings)	**–**	1,200
Change in fair value during the year		
Hedged item	**(37)**	(38)
Hedging instrument	**38**	49
Hedge ineffectiveness recognised in finance income/cost during the year	**1**	11
Cumulative change in fair value of hedged item	**–**	(7)
Unamortised portion of fair value hedge adjustment	**(27)**	15

1 During the year, the derivatives designated for fair value hedges has been cancelled

2 These instruments carry semi-annual payouts

Interest rate sensitivity of borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on the floating rate portion of loans and borrowings after considering the impact of interest rate swaps, wherever applicable.

Interest rate sensitivity	Increase '+'/ decrease '–' in basis points	Effect on profit before tax[1]
For the year ended 31 March 2020		
USD borrowings	**+100**	**4**
	-100	**(4)**
Other currency borrowings	**+100**	**0**
	-100	**0**
For the year ended 31 March 2019		
USD borrowings	+25	4
	-25	(4)
Other currency borrowings	+100	1
	-100	(1)

1 Represents losses/(gains) arising from increase/decrease of interest rates

The assumed movement in basis points for interest rate sensitivity analysis is based on the movements in the interest rates historically and prevailing market environment.

- **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily from trade receivables but also from cash, other banks balances, derivative financial instruments other financial receivables.

33. Financial risk management objectives and policies continued

Trade receivables

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

As there is no independent credit rating of the customers available with the Group, the management reviews the credit-worthiness of its customers based on their financial position, past experience, ageing and other factors.

Credit risk related to trade receivables is managed/mitigated by each business unit in accordance with the policies and procedures established in the Group, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Group to its customers generally ranges from 14 to 30 days.

The Group uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 20 for details on the impairment of trade receivables.

Based on the industry practices and the business environment in which the entity operates, management considers trade receivables are credit impaired if the payments are more than 270 days past due in case of interconnect customers and 90 days past due in other cases. In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

The following table details the risk profile of trade receivables based on the Group's provision matrix:

	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade receivables as of 31 March 2020	**21**	**34**	**17**	**5**	**55**	**132**
Trade receivables as of 31 March 2019	25	29	14	9	44	121

The movement in lifetime expected credit losses that has been recognised for trade receivables is disclosed in note 20.

The Group performs ongoing 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 Group 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 Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

Financial instruments and cash deposits

The Group's treasury, in accordance with the Board approved policy, maintains its cash and cash equivalents and deposits and enters into derivative financial instruments – with banks, financial and other institutions, having good reputation and past track record, and high/sovereign credit rating. Similarly, counter-parties of the Group's other receivables carry either no or very minimal credit risk. Further, the Group reviews the creditworthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an ongoing basis, and if required, takes necessary mitigation measures.

- **Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future obligations as and when due, without incurring unacceptable losses. The Group's prudent liquidity risk management objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including term loans, debts and overdraft from both domestic and international banks at an optimised cost. It has also implemented all necessary steps to enjoy strong access to international capital markets. For details as to borrowings and going concern, refer to notes 23 and 2.2, respectively.

33. Financial risk management objectives and policies continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	As of 31 March 2020						
	Carrying amount	**On demand**	**Less than 6 months**	**6 to 12 months**	**1 to 2 years**	**> 2 years**	**Total**
Interest bearing borrowings[1]	**3,162**	**120**	**236**	**491**	**982**	**1,669**	**3,498**
Lease liabilities[2]	**1,169**	**–**	**159**	**158**	**300**	**953**	**1,570**
Financial derivatives	**7**	**–**	**3**	**–**	**–**	**4**	**7**
Other financial liabilities	**424**	**–**	**407**	**3**	**5**	**12**	**427**
Trade payables	**416**	**–**	**416**	**–**	**–**	**–**	**416**
Mobile money wallet balance	**292**	**292**	**–**	**–**	**–**	**–**	**292**
	5,470	**412**	**1,221**	**652**	**1,287**	**2,638**	**6,210**

	As of 31 March 2019						
	Carrying amount	On emand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings[1]	3,677	216	441	769	247	2,692	4,365
Lease liabilities[2]	1,218	–	150	149	285	1,070	1,654
Financial derivatives	103	–	69	27	–	7	103
Other financial liabilities	531	–	525	–	0	7	532
Trade payables	470	–	470	–	–	–	470
Mobile money wallet balance	238	238	–	–	–	–	238
	6,237	454	1,655	945	532	3,776	7,362

1 Includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest rate swaps, over the tenor of the borrowings

2 Maturity analysis is based on undiscounted lease payments

The derivative financial instruments disclosed in the above table represent fair values of the instrument. However, those amounts may be settled gross or net.

Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the statement of cash flows:

				Non-cash movements						
	Statement of cash flow line items	1 April 2019	**Cash flow**	**Interest and other finance charges**	**Foreign exchange loss**	**Lease liability additions**	**Fair value changes**	**Foreign currency translation reserve**	**Others**	**31 March 2020**
Borrowings[1]	Proceeds/repayment of borrowings	3,404	**(546)**	**–**	**0**	**–**	**35**	**(2)**	**1**	**2,892**
Lease liability	Repayment of lease laibility	1,218	**(307)**	**127**	**–**	**153**	**–**	**(22)**	**–**	**1,169**
Derivative assets net	Proceeds/repayment of borrowings	(11)	**97**	**–**	**(86)**	**–**	**–**	**–**	**–**	**–**
Interest accrue but not due	Interest and other finance charges paid	56	**(200)**	**196**	**–**	**–**	**–**	**–**	**–**	**52**

33. Financial risk management objectives and policies continued

				Non-cash movements							
	Statement of cash flow line items	1 April 2018	Cash flow	Interest and other finance charges	Foreign exchange loss	Lease liability additions	Shareholder loan conversion	Fair value changes	Foreign currency translation reserve	Others	31 March 2019
Borrowings[1]	Proceeds/repayment of borrowings	6,516	(1,629)	–	(187)	–	(1,315)	38	(23)	4	3,404
Lease liability	Repayment of lease laibility	1,230	(287)	126	–	150	–	–	(1)	–	1,218
Derivative assets net	Proceeds/repayment of borrowings	(67)	14	–	42	–	–	–	–	–	(11)
Interest accrue but not due	Interest and other finance charges paid	77	(252)	230	–	–	–	–	–	–	55

1 This does not include bank overdraft

- **Capital management**

Capital includes equity attributable to the equity holders of the company. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made to the objectives, policies or processes during the year ended 31 March 2020 and 2019.

The Group monitors capital using a leverage ratio, which is net debt dividend by underlying EBITDA. Net debt is calculated as borrowings including lease liabilities less cash and cash equivalents, processing costs related to borrowings and fair value hedge adjustments.

	For the year ended	
	31 March 2020	31 March 2019
Borrowings (including lease liabilities)	**4,279**	4,839
Adjusted for:		
Cash and cash equivalents	**(1,010)**	(848)
Processing costs related to borrowings	**5**	6
Fair value hedge adjustment	**(27)**	8
Net debt	**3,247**	4,005
Underlying EBITDA	**1,515**	1,332
Underlying EBITDA	**1,515**	1,332
Leverage ratio	**2.14**	3.01

34. Fair value of financial assets and liabilities

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the Group's financial instruments are as follows:

		Carrying value as of		Fair value as of	
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Financial assets					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**9**	4	**9**	4
– Currency swaps and interest rate swaps	Level 2	**2**	46	**2**	46
Investments	Level 2	**0**	0	**0**	0
Amortised cost					
Security deposits		**7**	9	**7**	9
Trade receivables		**132**	121	**132**	121
Cash and cash equivalents		**1,010**	848	**1,010**	848
Other bank balances		**6**	15	**6**	15
Balance held under mobile money trust		**295**	238	**295**	238
Other financial assets		**67**	73	**67**	73
		1,528	1,354	**1,528**	1,354
Financial liabilities					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**4**	27	**4**	27
– Currency swaps and interest rate swaps	Level 2	**0**	7	**0**	7
– Embedded derivatives	Level 2	**3**	5	**3**	5
– Embedded derivatives	Level 3	**–**	64	**–**	64
Amortised cost					
Borrowings – fixed rate	Level 1	**2,353**	2,681	**2,274**	2,747
Borrowings – fixed rate	Level 2	**48**	65	**48**	71
Borrowings		**710**	875	**710**	875
Trade payables		**416**	470	**416**	470
Mobile money wallet balance		**292**	238	**292**	238
Other financial liabilities		**476**	587	**476**	587
		4,302	5,019	**4,223**	5,091

The following methods/assumptions were used to estimate the fair values:

- The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.
- The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Group reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models don't contain a high level of subjectivity as the valuation techniques used don't require significant judgement and inputs thereto are readily observable.

During the year ended 31 March 2020 and year ended 31 March 2019 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

34. Fair Value of financial assets and liabilities continued

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets/liabilities as of 31 March 2020 and 31 March 2019:

Financial assets/liabilities	Inputs used
• Currency swaps, forward and option contracts	Forward foreign currency exchange rates, Interest rate
• Interest rate swaps	Prevailing/forward interest rates in market, Interest rate
• Embedded derivatives	Prevailing interest rates in market, inflation rates
• Other financial assets/fixed rate borrowings/other financial liabilities	Prevailing interest rates in market, Future payouts, Interest rates

Reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy – financial assets/(liabilities) (net)

	For the year ended	
	31 March 2020	31 March 2019
Opening balance	**64**	–
Issuance	**–**	64
Reversal in retained earnings	**(64)**	–
Closing balance	**–**	64

Valuation process used for fair value measurements categorised within level 3 of the fair value hierarchy

As part of the issue of equity shares to global investors, the Group had committed indemnities pertaining to acquisition of non-controlling interest in the Group's operations in Nigeria and Republic of the Congo. The liability for such indemnity derivend its value based on the price of the shares in these entities and hence is a derivative liability. The probability of the acquisition of a minority interest at a lower value and avoiding this payout to the global investors was considered a significant input to the valuation of the derivative. The liability was been valued on the basis of the probability weighted amount payable for acquisition of non-controlling interest was considered as a significant unobservable input to the valuation.

Narrative description of sensitivity of fair value changes to changes in unobservable inputs

As at 31 March 2019 any increase/decrease in probability of expected payouts under non-controlling indemnity liability by 5% would have resulted in a 6% increase/decrease in the derivative liability value.

35. Companies in the Group, joint ventures and associate

Information of Group's directly and indirectly held subsidiaries and associate are as follows:

Details of subsidiaries:

					Proportion of ownership interest[1]	
					% As of	
S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	**31 March 2020**	31 March 2019
1	Africa Towers N.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
2	Airtel (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, Seychelles	Telecommunication services	Ordinary	**100**	100
3	Airtel Congo (RDC) S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Telecommunication services	Ordinary	**98.50**	98.50
4	Airtel Congo S.A.	2ème Etage de L'Immeuble SCI Monte Cristo, Rond-Point de la Gare, Croisement de l'Avenue Orsy et de Boulevard Denis Sassou Nguesso, Centre Ville, B.P. 1038, Brazzaville, Congo	Telecommunication services	Ordinary	**90**	90
5	Airtel Gabon S.A.	Immeuble Libreville, Business Square, Rue Pecqueur, Centre-Ville, B.P. 9259 Libreville, Gabon	Telecommunication services	Ordinary	**97.95**	97.95
6	Airtel International LLP	Plot No. 5, Sector 34, Gurgaon, Haryana, 122001 India	Support services	Ordinary	**100**	100
7	Airtel Madagascar S.A.	Immeuble Kube B, Zone Galaxy, Andraharo, Anantanarivo 101, Madagascar	Telecommunication services	Ordinary	**100**	100
8	Airtel Malawi plc (formerly known as Airtel Malawi Limited)	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Telecommunication services	Ordinary	**80**	100

35. Companies in the Group, joint ventures and associate continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] % As of 31 March 2020	Proportion of ownership interest[1] % As of 31 March 2019
9	Airtel Mobile Commerce (Kenya) Limited	Parkside Towers, Mombasa Road, P. O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	**100**	100
10	Airtel Mobile Commerce (Rwanda) Limited	Remera, Gasabo, P.O. Box 4164, Kigali, Rwanda	Mobile commerce services	Ordinary	**100**	100
11	Airtel Mobile Commerce (Seychelles) B.V.	Overschiestraat 65, 1062 XD Amsterdam, TheÙNetherlands	Investment Company	Ordinary	**100**	100
12	Airtel Mobile Commerce (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, Seychelles	Mobile commerce services	Ordinary	**100**	100
13	Airtel Mobile Commerce (Tanzania) Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District P.o.Box 9623, Dar es Salaam, Tanzania	Mobile commerce services	Ordinary	**100**	100
14	Airtel Mobile Commerce B.V.	Overschiestraat 65, 1062 XD Amsterdam, TheÙNetherlands	Investment Company	Ordinary	**100**	100
15	Airtel Mobile Commerce Congo B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
16	Airtel Mobile Commerce Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
17	Airtel Mobile Commerce Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
18	Airtel Mobile Commerce Limited	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Mobile commerce services	Ordinary	**100**	100
19	Airtel Mobile Commerce Madagascar B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
20	Airtel Mobile Commerce Madagascar S.A.	Immeuble Kube B, Zone Galaxy, Andraharo, Antananarivo 101, Madagascar	Mobile commerce services	Ordinary	**100**	100
21	Airtel Mobile Commerce Malawi B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
22	Airtel Mobile Commerce Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
23	Airtel Mobile Commerce (Nigeria) Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Mobile commerce services	Ordinary	**91.74**	91.77
24	Airtel Mobile Commerce Rwanda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
25	Airtel Mobile Commerce Tchad B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
26	Airtel Mobile Commerce Tchad S.a.r.l.	Immeuble du Cinéma Etoile, Rue du Commandant Galyam Négal, B.P. 5665, N'Djaména, Tchad	Mobile commerce services	Ordinary	**100**	100
27	Airtel Mobile Commerce Uganda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100

35. Companies in the Group, joint ventures and associate continued

					Proportion of ownership interest[1]	
					% As of	
S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	**31 March 2020**	31 March 2019
28	Airtel Mobile Commerce Uganda Limited	Airtel Towers, Plot 16-A Clement Hill Road, Kampala, Uganda	Mobile commerce services	Ordinary	**100**	100
29	Airtel Mobile Commerce Zambia B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
30	Airtel Mobile Commerce Zambia Limited	Airtel House, Stand 2375, Addis Ababa Drive, P.O. Box 320001, Lusaka, Zambia	Mobile commerce services	Ordinary	**100**	100
31	Airtel Money RDC S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Mobile commerce services	Ordinary	**98.50**	98.50
32	Airtel Money Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Mobile commerce services	Ordinary	**90**	90
33	Airtel Money S.A.	Avenue du Colonel Parrant, B.P. 23 899, Libreville, Gabon	Mobile commerce services	Ordinary	**100**	100
34	Airtel Money Tanzania Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam,Tanzania	Mobile commerce services	Ordinary	**51**	60
35	Airtel Money Transfer Limited	Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	**100**	100
36	Airtel Money Trust	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Mobile commerce services	Ordinary	**100**	100
37	Airtel Networks Kenya Limited	Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Telecommunication services	Ordinary and Preference	**100**	100
38	Airtel Networks Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Telecommunication services	Ordinary	**91.74**	91.77
39	Airtel Networks Zambia plc	Airtel House, Stand 2375, Addis Ababa Drive, Lusaka, Zambia	Telecommunication services	Ordinary	**96.36**	96.36
40	Airtel Rwanda Limited	Airtel Building, Remera, KG 17Ave, P.O. Box 4164, Kigali, Rwanda	Telecommunication services	Ordinary	**100**	100
41	Airtel Tanzania plc (formerly known as Airtel Tanzania Limited)	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Telecommunication services	Ordinary	**51**	60
42	Airtel Tchad S.A.	Rue du Commandant Galyam Négal, Immeuble du Cinéma Etoile, B.P. 5665, N'Djaména, Tchad	Telecommunication services	Ordinary	**100**	100
43	Airtel Uganda Limited	Airtel Towers, Plot 16 –A, Clement Hill Road, P.O. Box 6771, Kampala, Uganda	Telecommunication services	Ordinary	**100**	100
44	Bharti Airtel Africa B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
45	Bharti Airtel Chad Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
46	Bharti Airtel Congo Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
47	Bharti Airtel Developers Forum Limited	Stand No. 2375, Corner of Great East/Addis Ababa Road, Lusaka, Zambia	Investment Company	Ordinary	**96.36**	96.36
48	Bharti Airtel Gabon Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
49	Bharti Airtel International (Netherlands) B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100

35. Companies in the Group, joint ventures and associate continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] % As of 31 March 2020	Proportion of ownership interest[1] % As of 31 March 2019
50	Bharti Airtel Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
51	Bharti Airtel Kenya Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
52	Bharti Airtel Madagascar Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
53	Bharti Airtel Malawi Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
54	Bharti Airtel Mali Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
55	Bharti Airtel Niger Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
56	Bharti Airtel Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
57	Bharti Airtel Nigeria Holdings II B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
58	Bharti Airtel RDC Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
59	Bharti Airtel Rwanda Holdings Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	**100**	100
60	Bharti Airtel Services B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
61	Bharti Airtel Tanzania B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
62	Bharti Airtel Uganda Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
63	Bharti Airtel Zambia Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	**100**	100
64	Celtel (Mauritius) Holdings Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	**100**	100
65	Celtel Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Telecommunication services	Ordinary	**90**	90
66	Channel Sea Management Company (Mauritius) Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	**100**	100
67	Congo RDC Towers S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Infrastructure sharing services	Ordinary	**100**	100
68	Gabon Towers S.A. [2]	124 Avenue Bouët, B.P. 23 899, Libreville, Gabon	Infrastructure sharing services	Ordinary	**97.95**	97.95
69	Indian Ocean Telecom Limited	28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands	Investment Company	Ordinary	**100**	100
70	Madagascar Towers S.A.	Immeuble Kube B, Zone Galaxy, Andraharo, Antananarivo 101, Madagascar	Infrastructure sharing services	Ordinary	**100**	100
71	Malawi Towers Limited	Airtel Complex, Off Convention Drive, P.O. Box 57, Lilongwe, Malawi	Infrastructure sharing services	Ordinary	**100**	100
72	Mobile Commerce Congo S.A.	2ème Etage de L'Immeuble SCI Monte Cristo, Rond-Point de la Gare, Croisement de l'Avenue Orsy et de Boulevard Denis Sassou Nguesso, Centre Ville, B.P. 1038, Brazzaville, Congo	Mobile commerce services	Ordinary	**100**	100

Notes to consolidated financial statements continued

(All amounts are in US$ millions unless stated otherwise)

35. Companies in the Group, joint ventures and associate continued

					Proportion of ownership interest[1]	
					% As of	
S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	**31 March 2020**	31 March 2019
73	Montana International	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	**100**	100
74	Partnership Investment S.a.r.l.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Investment Company	Ordinary	**100**	100
75	Société Malgache de Téléphone Cellulaire S.A.	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	**100**	100
76	Tanzania Towers Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Infrastructure sharing services	Ordinary	**51**	60
77	Tigo Rwanda Limited (merged with Airtel Rwanda Ltd w.e.f. 3 July 2018)	Airtel Building, Remera, KG 17Ave, P.O. Box 4164, Kigali, Rwanda	Telecommunication services	Ordinary	**100**	100

Details of associate:

					Proportion of ownership interest[1]	
					% As of	
S. no.	Name of associates	Principal place of business and registered office address	Principal activities	Holding	**31 March 2020**	31 March 2019
1	Seychelles Cable Systems Company Limited	Caravelle House, 3rd floor, Victoria, Mahe, Seychelles	Submarine cable system	Ordinary	**26**	26

1 Companies proportion of voting power held is same as proportion of ownership interest held

2 Under dissolution

The Group had interest in Joint Venture entities in Ghana, which were disposed off on 24 August 2018. The results of operations of such JVs are included in the Consolidated statement of comprehensive income until the date of such disposal.

36. Events after the balance sheet date

No subsequent events or transactions have occurred since the date of the statement of financial position or are pending that would have material effect on the financial statements as at and for the year ended 31 March 2020 except as disclosed below:

- In one of the matters under litigation between one of the Group's subsidiaries and its vendor, there has been a ruling after the balance sheet date on account which the Group has disclosed the matter under contingent liability (see note 30 for more details).
- The Board approved a final dividend of 3 cents per share on 12 May 2020.

Company statement of financial position

(All amounts are in US$ thousands unless stated otherwise)

	Notes	As of 31 March 2020	As of 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment		**96**	118
Capital work-in-progress		**112**	256
Right-of-use assets		**775**	–
Investment in subsidiary undertakings	4	**3,533,231**	3,532,758
Loan receivables	5	**98,500**	–
Other non-current assets		**708**	–
		3,633,422	3,533,132
Current assets			
Financial assets			
– Cash and cash equivalents	6	**802,952**	25,180
– Others		**1,787**	19
Other current assets		**477**	–
		805,216	25,199
Total assets		**4,438,638**	3,558,331
Current liabilities			
Financial liabilities			
– Lease liabilities		**173**	–
– Derivative instruments	7	**–**	64,000
– Trade and other payables	8	**1,128**	72,347
Current tax liabilities (net)		**–**	584
		1,301	136,931
Net current assets/(liabilities)		**803,915**	(111,732)
Non-current liabilities			
Financial liabilities			
– Lease liabilities		**612**	–
– Others		**23**	–
		635	–
Total liabilities		**1,936**	136,931
Net assets		**4,436,702**	3,421,400
Equity			
Share capital	9	**3,419,948**	3,081,745
Share premium		**–**	473,164
Retained earnings[1]		**1,009,303**	(133,509)
Other reserves[2]		**7,451**	–
Equity attributable to owners of the company		**4,436,702**	3,421,400

1 The profit for the financial year dealt with in the financial statements of the company is $382,562 thousands (March 2019: $2,491 thousands)

2 Comprises of shared-based payment reserve and share stabilisation reserve

The company only financial statements of Airtel Africa plc (company registration number: 11462215) on pages 189-193 were approved by the Board of directors and authorised for issue on 12 May 2020. They were signed on its behalf by:

RAGHUNATH MANDAVA
CHIEF EXECUTIVE OFFICER
13 MAY 2020

Company statements of changes in equity

(All amounts are in US$ thousands unless stated otherwise)

	Share capital				Other reserves		
	No of shares	Amount	Share premium	Retained earnings	Shared-based payment reserve	Others	Equity attributable to owners of the company
As of 12 July 2018	–	–	–	–	–	–	–
Profit for the year		–	–	2,491	–	–	2,491
Total comprehensive income/(loss)		–	–	2,491	–	–	2,491
Transaction with owners of equity							
Issue of share capital	3,081,744,577	3,081,745	473,164	(136,000)	–	–	3,418,909
As of 31 March 2019	3,081,744,577	3,081,745	473,164	(133,509)	–	–	3,421,400
Profit for the year		**–**	**–**	**382,562**	**–**	**–**	**382,562**
Total comprehensive income/(loss)		**–**	**–**	**382,562**	**–**	**–**	**382,562**
Transaction with owners of equity							
Reduction in nominal value of shares[1]		**(1,540,872)**	**–**	**–**	**–**	**–**	**(1,540,872)**
Issue of deferred share capital[1]	**3,081,744,577**	**1,540,872**	**–**	**–**	**–**	**–**	**1,540,872**
Issue of share capital[2]	**676,406,927**	**338,203**	**341,968**	**–**	**–**	**–**	**680,171**
Share issue costs		**–**	**(6,138)**	**–**	**–**	**–**	**(6,138)**
Share stabilisation proceeds[3]		**–**	**–**	**–**	**–**	**7,193**	**7,193**
Employee share-based payment expenses		**–**	**–**	**–**	**258**	**–**	**258**
Reversal of indemnities[4]		**–**	**–**	**64,000**	**–**	**–**	**64,000**
Court approved reduction in share premium[5]		**–**	**(808,994)**	**808,994**	**–**	**–**	**–**
Dividend to company's shareholders[6]		**–**	**–**	**(112,744)**	**–**	**–**	**(112,744)**
As of 31 March 2020	**6,839,896,081**	**3,419,948**	**–**	**1,009,303**	**258**	**7,193**	**4,436,702**

1 Refer to note 27 (1) of consolidated financial statements

2 Refer to note 27 (2) of consolidated financial statements

3 Refer to note 5 (d) of consolidated financial statements

4 Refer to note 5 (a) of consolidated financial statements

5 Refer to note 5 (b) of consolidated financial statements

6 Refer to note 28 (1) of consolidated financial statements

Notes to company only financial statements

(All amounts are in US$ thousands unless stated otherwise)

1. Summary of significant accounting policies

Basis of preparation

The company only financial statements are presented as required by the Companies Act, 2006. The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, the company has prepared financial statements as per FRS 101 'Reduced Disclosure Framework'.

All the amounts included in the financial statements are reported in US dollars, with all values rounded to the nearest thousands ($ thousands) except when otherwise indicated. Further, amounts which are less than half a thousand are appearing as '0'.

As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to:

- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of IAS 7 Statement of cash flows
- The statement of compliance with Adopted IFRSs
- The effects of new but not yet effective IFRSs
- The requirements in IAS 24 'Related party disclosure" to disclose related party transactions entered into between two or more members of a group
- Disclosures in respect of capital management and
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Shared-based payment' (details of the number and weighted-average exercise prices of share options)

Where required, equivalent disclosures are given in the consolidated financial statements. The company financial statements have been prepared on a going concern and historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period. The principal accounting policies adopted are the same as those set out in note 2 of the consolidated financial statements except as noted below:

- Investment in subsidiary undertakings are accounted for at cost
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably)

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no critical accounting judgments that would have a significant effect on the amount recognised in the company financial statements.

The company's investment in subsidiaries are reviewed for indicators of impairment. In performing such review, management considers the results of goodwill impairment test performed for the group. For details of key sources of estimation uncertainty in relation to such test, please refer to note 15 of the consolidated financial statements.

3. Employee expenses

The average monthly number of employees during the year was six. (March 2019: one)

	For the year ended	
	31 March 2020	31 March 2019
Salaries	**1,262**	122
Bonuses	**132**	–
Share-based payment expense	**51**	–
Others	**92**	191
	1,537	313

Notes to company only financial statements continued

(All amounts are in US$ thousands unless stated otherwise)

4. Investment in subsidiary undertakings

	As of	
	31 March 2020	31 March 2019
Cost		
Opening balance	**3,532,758**	–
Additions	**473**	3,532,758
Disposals	**–**	–
Carrying cost at 31 March	**3,533,231**	3,532,758
Bharti Airtel International (Netherlands) B.V.	**3,532,758**	3,532,758
Airtel International LLP	**473**	–

On 7 September 2018, the company acquired 1,781,248,325 shares and a shareholder's loan in Bharti Airtel International (Netherlands) BV (BAIN) from Network i2i Limited (Ni2i) for a consideration of $1,167m. The consideration was settled by issuing shares to Airtel Africa Mauritius Limited. Subsequently, the company has made capital contributions amounting $2,365m in Bharti Airtel International (Netherlands) B.V.

During the year ended 31 March 2020, the company made investment amounting $473 thousands by way of initial capital contribution in Airtel International LLP, domiciled in India.

For details of subsidiary undertakings, refer to note 35 of consolidated financial statements.

5. Loan receivables

	As of	
	31 March 2020	31 March 2019
Opening balance	**–**	–
Additions	**98,500**	–
Balance at 31 March 2020	**98,500**	–
Bharti Airtel International (Netherlands) B.V.	**98,500**	–

The loan is unsecured, bears interest at the rate of three Months LIBOR+ 2.25% per annum with a maturity date of 26 March 2027. The credit facility is denominated in US$.

6. Cash and cash equivalents

	As of	
	31 March 2020	31 March 2019
Cash at bank in current accounts	**2,952**	1,680
Fixed deposits with maturity of less than 90 days	**800,000**	23,500
	802,952	25,180

7. Derivative financial liabilities

	As of	
	31 March 2020	31 March 2019
Derivatives	**–**	64,000
	–	64,000

During the year ended 31 March 2019, the company issued shares to several global investors. The Share Subscription Agreements included certain indemnities that are embedded derivatives not closely related to the shares and therefore have been bifurcated and presented separately as a derivative financial liability. The fair value of those embedded derivatives was $64m as of the date of subscription.

Under a deed dated 28 May 2019 between the company, Airtel Africa Mauritius Limited (AAML/the parent) and the several global investors, the terms of these derivatives were varied such that the obligation existing until such date were assumed by the parent of the company. Consequently, these derivatives liabilities have been reversed through equity. Refer note 5 (a) of consolidated financial statements. Further, refer note 34 of consolidated financial statements for details around fair value measurement of these derivative liabilities.

8. Trade and other payables

	As of	
	31 March 2020	31 March 2019
Indemnity liability[1]	**–**	72,000
Employees payable	**177**	126
Legal and professional expenses payable[2]	**791**	188
Administrative and other payable[3]	**160**	33
	1,128	72,347

1 During the year ended 31 March 2019, the company had issued shares to several global investors. The Share Subscription Agreements included certain indemnities for claims under certain stipulated indemnities or for breach of agreed warranties

These indemnities expired on the publication of the registration document of the company on 28 May 2019 in accordance with the original Share Subscription Agreement between the company and the global investors and hence these were recorded as non-operating income in the statement of comprehensive income. Refer to note 5 (a) consolidated financial statements

2 The auditor's remuneration for the current year in respect of audit and audit-related services was $47 thousands (March 2019: $47 thousands)

3 Includes wages tax payable amounting to $160 thousands (March 2019: $Nil)

9. Share capital

Refer to note 27 of the consolidated financial statements.

10. Related party disclosure

Refer to note 32 of the consolidated financial statements.