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AIRTEL MOBILE COMMERCE NIGERIA LIMITED

Financial Statements
For the year ended 31 December 2020
Together with Directors' and Auditor's Reports

AIRTEL MOBILE COMMERCE NIGERIA LIMITED
Financial Statements
For the year ended 31 December 2020

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Directors' Report

The Directors present their annual report on the affairs of the Airtel Mobile Commerce Nigeria Limited, together with the financial statements and auditor's report for the year ended 31 December 2020.

1. Legal form

Airtel Mobile Commerce Nigeria Limited ("Airtel Mobile Commerce Nigeria Limited" or "the Company") was incorporated on 31 August 2017 as a private limited liability company and is yet to commence operation as at 31 December 2020.

2. Principal activity

The principal activity of the Company is to act as a provider of electronic commerce (e-commerce) service, facilitate the acceptability of mobile money, act as an agent of financial institutions carrying on the business of agency banking as well as act as aggregator and manager of agents networks for the same purpose.

3. Result for the year

The following is a summary of the Company's operating results:

Financial Highlights			
Particulars	Financial Year		YoY Growth
	2020	2019	
	N' 000	N' 000	
Revenue from operations	-	-	-
Loss before taxation	(1,688)	(1,688)	-
Loss after taxation	(1,688)	(1,688)	-
Capex investment at year end	-	-	-

4. Directors' interests

The directors and their beneficial interests in the shares of the Company as at 31 December 2020 were as follows:

Names	Designation	Date Appointed/ Resignation	Representing	Number of Ordinary Shares of N1.00 each
Mr. Oye Oladokun (Nigerian)	- MD/CEO	Appointed 21 March 2018	-	Nil
Mr. Segun Ogunsanya (Nigerian)	- Director	Appointed 9 August 2017	-	Nil
Mr. Jaideep Paul (Indian)	- Director	Appointed 9 August 2017	-	Nil

The Directors do not have any interest required to be disclosed under section 275 on the Companies and Allied Matters 2020.

Directors' Report (cont'd)

5. Shareholders and Shareholdings

The shareholding structure of the Company at the end of the year was as follows:

	2020		2019	
	Ordinary shares of N1 each	% shareholding	Ordinary shares of N1 each	% shareholding
	N	%	N	%
Airtel Mobile Commerce B.V.	1	0.000002	1	0.000002
Airtel Networks Limited	49,999,999	99.999998	49,999,999	99.999998
	50,000,00	100.00	50,000,00	100.00

6. Charitable contributions

In compliance with the Companies and Allied Matters Act, 2020, the Company did not make any donations or gifts to any political association or for any political purpose during the year under review.

7. Employment and employees

The Company had no employee during the year.

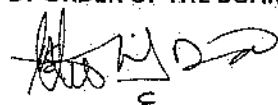
8. Business ethics and compliance code

The Company has instituted a sound Business Ethics and Compliance Code, which ensures that its business is conducted in conformity with highest ethical principles, standards and integrity. It continually creates ethical awareness amongst its directors, officers and business partners to ensure full compliance with Nigerian and applicable international laws and conventions on anti-corruption, anti-money laundering and anti-terrorism.

9. Auditors

Messrs' Deloitte & Touché has expressed their willingness to continue in office as the Company's auditors in accordance with the provision of the Companies and Allied Matters Act, 2020.

BY ORDER OF THE BOARD



Shola Adeyemi

Company Secretary

FRC/2016/NBA/00000014257

Date June 22, 2021

Plot L2,
Banana Island,
Ikoyi,
Lagos

Statement of Directors' Responsibilities

The Directors of Airtel Mobile Commerce Nigeria Limited accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act, 2020 of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company [and its subsidiaries] is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,
- (ii) has evaluated the effectiveness of the Company's internal controls prior to the date of its audited financial statements, and
- (iii) certifies that Company's internal controls are effective as of that date;

We have disclosed:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
- (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and
- (iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Company for the year ended 31 December 2020 were approved by the directors on, 2021.

Statement of Directors' Responsibilities (cont'd)

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the year ended 31 December 2020. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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


Signed on behalf of the Board of Directors on June 22, 2021.



Oladokun Oye

MD/CEO

FRC/2020/003/00000021377



Segun Ogunsanya

Director

FRC/2013/ICAN/00000002746

Independent Auditor's report

To the Shareholders of Airtel Mobile Commerce Nigeria Limited

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **Airtel Mobile Commerce Nigeria Limited**, set out on pages 7 to 37, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of **Airtel Mobile Commerce Nigeria Limited** as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council Act, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act we expressly state that:

- i. We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit.
- ii. The Company has kept proper books of account, so far as appears from our examination of those books.
- iii. The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Stella Mba - FRC/2013/ICAN/00000001348

For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

29 June 2021



AIRTEL MOBILE COMMERCE NIGERIA LIMITED
Financial Statements
 For the year ended 31 December 2020

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2020 N'000	2019 N'000
Revenue from operations			
Cost of sales	6	-	-
Gross profit		-	-
Administrative expenses	7	(1,688)	(1,688)
Loss before tax	8	(1,688)	(1,688)
Tax expense	9(a)	-	-
Loss for the year after tax		(1,688)	(1,688)
Other comprehensive income			
There are no items of other comprehensive income			
Total comprehensive loss for the year, net of tax		(1,688)	(1,688)
Loss per share			
Basic and diluted (₦)	10	(0.03)	(0.03)

The accompanying notes on pages 12 to 38 form an integral part of these financial statements.

AIRTEL MOBILE COMMERCE NIGERIA LIMITED
Financial Statements
For the year ended 31 December 2020

Statement of Financial Position
As at 31 December 2020

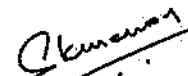
	Notes	2020 N'000	2019 N'000
Assets			
Non-current assets			
Intangible assets	11	50,000	50,000
Deferred tax assets	9(d)	-	-
Total non-current assets		<u>50,000</u>	<u>50,000</u>
Current assets			
Cash and bank balances		-	-
Total current assets		<u>-</u>	<u>-</u>
Total assets		<u>50,000</u>	<u>50,000</u>
Equity and liabilities			
Equity			
Share capital	12	50,000	50,000
Retained earnings	13	(7,940)	(6,252)
Total Equity		<u>42,060</u>	<u>43,748</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities	9(d)	-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Current liabilities			
Trade and other payables	14	7,940	6,252
Income tax payable	9(c)	-	-
Total current liabilities		<u>7,940</u>	<u>6,252</u>
Total liabilities		<u>7,940</u>	<u>6,252</u>
Total equity and liabilities		<u>50,000</u>	<u>50,000</u>

These financial statements are approved by the Board of Directors on behalf by:



Oladokun Oye
Chief Executive Officer
FRC/2020/003/00000021377

June 22 2021 and signed on its



S Krishna Menon
Chief Finance Officer
FRC/2014/ICAN/00000019621

The accompanying notes on pages 12 to 38 form an integral part of these financial statements.



AIRTEL MOBILE COMMERCE NIGERIA LIMITED

Financial Statements

For the year ended 31 December 2020

Statement of Changes in Equity

	Share Capital N'000	Retained Earnings N'000	Total Equity N'000
2020			
As at 1 January 2020	50,000	(6,252)	43,748
Loss for the year	-	(1,688)	(1,688)
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>(1,688)</u>	<u>(1,688)</u>
As at 31 December 2020	<u>50,000</u>	<u>(7,940)</u>	<u>42,060</u>
2019			
As at 1 January 2019	50,000	(4,565)	45,436
Loss for the year	-	(1,688)	(1,688)
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>(1,688)</u>	<u>(1,688)</u>
As at 31 December 2019	<u>50,000</u>	<u>(6,252)</u>	<u>43,748</u>

The accompanying notes on pages 12 to 38 form an integral part of these financial statements.

AIRTEL MOBILE COMMERCE NIGERIA LIMITED
Financial Statements
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Statement of Cash Flows
As at 31 December 2020

	Note	2020 N'000	2019 N'000
Cash flows from operating activities			
Loss for the year before tax		(1,688)	(1,688)
Non-cash adjustments		-	-
Changes in working capital:		(1,688)	(1,688)
Trade and other payables	14	1,688	1,688
Cash generated from operating activities		-	-
Income tax paid	9(c)	-	-
Net cash from operating activities		-	-
Cash flows from investing activities			
Acquisition of intangible asset	11	-	-
Net cash used in investing activities		-	-
Cash flows from financing activities			
Proceeds from shares	12	-	-
Net cash used in financing activities		-	-
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of year		-	-
Cash and cash equivalents at the end of year		-	-

The accompanying notes on pages 12 to 38 form an integral part of these financial statements.

Notes to the Financial Statements**1. Corporate Information**

Airtel Mobile Commerce Nigeria Limited ("Airtel Mobile Commerce Nigeria Limited" or "the Company") was incorporated on 31 August 2017 as a private limited liability company and is yet to commence operation as at 31 December 2020. The principal activity of the Company is to act as a provider of electronic commerce (e-commerce) service, facilitate the acceptability of mobile money, act as an agent of financial institutions carrying on the business of agency banking as well as act as aggregator and manager of agents networks for the same purpose. Airtel Mobile Commerce Nigeria Limited is a subsidiary of Airtel Networks Limited and has Airtel Africa Plc as its step-up parent.

2. Basis of preparation and measurement**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for items measured at fair value as indicated in the policies below.

(c) Functional and presentation currency

The financial statements have been presented in Naira which is the Company's functional and presentation currency. The Company determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements are measured using its functional currency. All values are rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimate and judgement

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the reporting date and the reported amount of revenue and expenses during the period.

(e) Current vs. non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in the normal operating cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is due to be settled within twelve months after the reporting period; or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

Notes to the financial statements

2. Basis of preparation and measurement (continued)

(f) Fair value measurement

The Company measures financial instruments at fair value and amortised cost as may be applicable at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) in the principal market for the asset or liability, or
- ii) in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Notes to the financial statements

3. Summary of significant accounting policies

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

3.1 Intangible assets

Intangible assets are those identifiable non-monetary assets without physical substances. They include those that are acquired separately by the Company including mobile money licence fees and software. Intangible assets are measured on initial recognition at cost and subsequently, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Licences are amortised over the useful life of the intangible assets on a straight line basis from the effective date of the licence.

The useful life or amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss in the other operating expense category.

De-recognition of Intangible assets

Intangible assets are derecognised when impaired or sold. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.2 Impairment of intangible assets

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A cash-generating unit (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.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs of disposal is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction.

3.3 Impairment of non-financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Impairment losses, if any, are recognised in profit or loss as a component of depreciation and amortisation expense. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised. An assessment is made at each reporting date and whenever any indicator for impairment exists, to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Notes to the financial statements

3.3 Financial instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.7.1 Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) and amortised cost as appropriate. 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, all recognised financial assets are measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.:

- Financial assets at fair value through profit or loss (FVTPL) – *Not applicable*
- Financial assets at fair value through other comprehensive income (FVTOCI) – *Not applicable*
- Amortised cost – *Not applicable*

After initial measurement, these receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. The Company has no financial assets in its books.

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

Financial assets at fair value through profit or loss are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Company has not designated any financial assets upon initial recognition at fair value through profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets at fair value through other comprehensive income includes assets that are not held for trading but to collect contractual cash flows and through the sale of the financial assets. The Company has not designated any financial assets upon initial recognition at fair value through other comprehensive income.

Notes to the financial statements

3.7.1 Financial assets (cont'd)

(ii) Subsequent measurement

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss.

For financial assets (other than assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the instrument, or, where appropriate, a shorter period, to the gross carrying amount of the instrument on initial recognition. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the instrument on initial recognition.

Trade receivable

Trade receivables are recognised initially at fair value as the invoice amount and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The Company deploys age analysis tools to track the payment pattern of customers. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively; the amount of provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of trade receivable are reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off are included in other operating income.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits and other short term highly liquid investments with an original maturity of three months or less, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

Notes to the financial statements

3.7.1 Financial assets (cont'd)

(iv) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognised in profit or loss in the 'finance cost' line item except for equity instruments measured at FVTOCI, which exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

(v) Impairment of financial assets - *Expected credit losses*

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The Company applies the simplified approach which uses a provision matrix to measure the expected credit loss of trade receivables.

The Company recognises a loss allowance for expected credit losses at each reporting date to reflect changes in credit risk. The expected credit losses on these financial assets are estimated using a provision matrix based on the historical credit loss experience. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

Allowance for impairment of trade receivable

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

Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any write-off/recoveries made are recognised in profit or loss.

Notes to the financial statements**3.7.1 Financial assets (cont'd)****(vi) Financial assets – Derecognition**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.7.2 Financial liabilities and equity – classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(b) Financial liabilities

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial liabilities is at amortised cost using effective interest method or at Fair value through profit or loss (FVTPL).

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other operating expenses in profit or loss.

Notes to the financial statements

3.7.2 Financial liabilities and equity – classification as debt or equity (cont'd)

(b) Financial liabilities (cont'd)

(ii) Financial liabilities measured at amortised cost

All other financial liabilities of the Company including trade payables and interest bearing loans and borrowings are measured at amortised cost subsequently using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in profit or loss.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(iii) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Company has no such contract liabilities.

(iv) Foreign exchange gains and losses on financial liabilities

Financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance cost' line item in profit or loss. For financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Notes to the financial statements**3.7.2 Financial liabilities and equity – classification as debt or equity (cont'd)****(b) Financial liabilities (cont'd)****(v) Financial liabilities de-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.7.3 Offsetting financial instruments

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

3.8 Derivative financial instruments - Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The resulting gain or loss is recognised in profit or loss immediately.

3.9 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date with resulting exchange difference recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

Notes to the financial statements**3.10 Revenue recognition**

Revenue is measured based on the consideration expected to be received in a contract with a customer and excludes amounts collected on behalf of third parties. In an agency relationship, the Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent

3.11 Taxation**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity or other comprehensive income and not in profit or loss. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(c) Current tax and deferred tax for the year

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the financial statements**3.11 Taxation (cont'd)****(d) Value added tax**

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

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

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

3.12 Borrowing costs

Borrowing costs consist of interest and other costs that the Company 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. The Company capitalises borrowing costs on qualifying assets that takes more than one year to get ready for use. All other borrowing costs are expensed in the year they are incurred.

3.13 Provisions and contingencies**(a) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(b) Contingencies

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Where the Company makes contributions into a separately administered fund for restoration, environmental or other obligations, which it does not control, and the Company's right to the assets in the fund is restricted, the obligation to contribute to the fund is recognised as a liability where it is probable that such additional contributions will be made.

Notes to the financial statements**3.14 Earnings per share**

The Company's Earnings per Share ('EPS') is determined based on the net income attributable to the shareholders. Basic earnings per share are computed using the weighted average number of shares outstanding during the year.

3.15 Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss, interest income is recognised using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the statement of comprehensive income.

4 Significant accounting judgments, estimates and assumptions.**4.1 Judgements**

Under IFRS, the directors have adopted those accounting policies most appropriate to the Company's circumstances for the purpose of presenting a true and fair view of the Company's financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

(a) Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with any future tax planning strategies. Refer to Note 9 for the disclosure of deferred tax assets recognition.

4.2 Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Notes to the financial statements**4.2 Estimates and assumptions (cont'd)****(a) Impairment of non-financial assets**

Non-financial assets include majorly intangible assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(b) Taxation provisions

The Company's current tax provision relates to management's assessment of the amount of tax payable as at the reporting date based on the Company's performance during the financial year.

5 Adoption of new and revised standards**5.1 Standards that became effective on 1 January 2020**

The Company reviewed certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The nature and the impact of each new standard and amendment are described below:

5.1.1 Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments are not relevant to the Company given that it does not apply hedge accounting to its interest rate exposures.

Notes to the financial statements**5. Adoption of new and revised standards (continued)****5.1 Standards that became effective on 1 January 2020 (continued)****5.1.2 Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16**

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Company has not applied the amendment to IFRS 16 (as issued by the IASB in May 2020) as there was no rent concession as a result of COVID-19.

5.1.3 Other amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB)

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

Notes to the financial statements

5. Adoption of new and revised standards (continued)

5.1 Standards that became effective on 1 January 2020

5.1.3 Other amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) (continued)

▪ **Amendments to References to the Conceptual Framework in IFRS Standards**

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

▪ **Amendments to IFRS 3 Definition of a business**

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Notes to the financial statements**5. Adoption of new and revised standards (continued)****5.2 Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

5.2.1 Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

5.2.2 IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

5.2.3 Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Notes to the financial statements**5. Adoption of new and revised standards (continued)****5.2 Standards issued but not yet effective (continued)****5.2.4 Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Notes to the financial statements

5. Adoption of new and revised standards (continued)

5.2 Standards issued but not yet effective (continued)

5.2.6 Annual Improvements to IFRS Standards 2018–2020

- IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

6 Revenue from operations

The Company did not earn any revenue during the year (2019: Nil).

7 Administrative expenses

	2020 N'000	2019 N'000
Legal fees	-	-
Statutory audit fees	1,500	1,500
Other administrative expenses	188	188
	<u>1,688</u>	<u>1,688</u>

8 Loss before tax is after charging:

	2020 N'000	2019 N'000
Statutory audit fee (Note 7)	<u>1,500</u>	<u>1,500</u>

9 Taxation

(a) Tax expense

The income tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes. The Company is yet to commence business and does not qualify for minimum tax.

	2020 N'000	2019 N'000
Income tax	-	-
Education tax	-	-
Deferred tax expense/(benefit) (Note 9(d))	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Notes to the financial statements

9 Taxation (cont'd)

(b) Reconciliation of effective tax rate

	2020		2019	
	N'000	%	N'000	%
Loss before tax	(1,688)		(1,688)	
Income tax using statutory tax rate	-	-	-	-
Impact of tertiary education tax	-	-	-	-
	-	-	-	-

(c) Movement in Income tax payable

	2020 N'000	2019 N'000
Balance as at 1 January	-	-
Charge for the year:		
Income tax	-	-
Education tax	-	-
Payments during the year	-	-
Balance as 31 December	-	-

(c) The movement on the deferred taxation asset account was as follows:

	2020 N'000	2019 N'000
Balance at 1 January	-	-
Movement during the year (expenses)/benefit	-	-
Balance at 31 December	-	-
Deferred tax assets are attributable to the following:		
Unutilised losses	-	-
Net deferred tax assets	-	-

Notes to the financial statements

10 Loss per share.

Basic loss per share amounts are calculated by dividing net loss attributable to ordinary equity holders of the parent by the average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computation:

	2020	2019
	N'000	N'000
Net loss attributable to ordinary equity holders	<u>(1,688)</u>	<u>(1,688)</u>
	Number of shares '000	Number of shares '000
<i>Weighted average number of:</i>		
Ordinary shares in issue of N1 each	<u>50,000</u>	<u>50,000</u>
Loss per share (N)	<u>(0.03)</u>	<u>(0.03)</u>

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. There was no dilutive instrument during the year.

Notes to the financial statements

11 Intangible assets

The Company paid for Super agent licence to the Central Bank of Nigeria in 2018. As at 31 December 2020, the licence is yet to be received and the payment has been recognised as capital work in progress.

The movement during the year was as follows:

	Capital work in progress N'000	Total N'000
Cost		
As at 1 January 2019	50,000	50,000
Additions	-	-
As at 31 December 2019	<u>50,000</u>	<u>50,000</u>
Additions	-	-
As at 31 December 2020	<u>50,000</u>	<u>50,000</u>
Accumulated amortisation		
As at 1 January 2019	-	-
Amortisation	-	-
As at 31 December 2019	-	-
Amortisation	-	-
As at 31 December 2020	-	-
Carrying amount		
As at 31 December 2020	<u>50,000</u>	<u>50,000</u>
As at 31 December 2019	<u>50,000</u>	<u>50,000</u>
12 Share capital		
	2020 N'000	2019 N'000
Authorised:		
50,000,000 ordinary shares of ₦1 each	<u>50,000</u>	<u>50,000</u>
Issued, called up and fully paid:		
50,000,000 ordinary shares of ₦1 each	<u>50,000</u>	<u>50,000</u>

Notes to the financial statements

13 Retained earnings

	2020 N'000	2019 N'000
As at 1 January	(6,252)	(4,565)
Loss for the period	(1,688)	(1,688)
As at 31 December	(7,940)	(6,252)

14 Trade and other payables

	2020 N'000	2019 N'000
Due to related companies (Note 14 (a))	7,940	6,252
	7,940	6,252

Trade payables are non-interest bearing and are normally settled between 30-60 day terms. For terms and conditions relating to related party payables, refer to Note 15(b).

(a) Due to related companies

	2020 N'000	2019 N'000
Airtel Networks Limited	7,940	6,252
	7,940	6,252

Notes to the financial statements

15 Related Party

(a) Related party transactions:

The Company entered into the following transactions with the under listed related parties during the year:

Name	Nature of transaction	Relationship	Transaction value		Balance receivable		Balance payable	
			2020	2019	2020	2019	2020	2019
Airtel Networks Limited	Incorporation fees/other services	Parent company	1,688	1,688	-	-	7,940	6,252
			1,688	1,688	-	-	7,940	6,252

The payable balance is classified as trade payables.

(b) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided for any related party payables. The payables due to related parties are disclosed in Note 14.

(c) Key management personnel

Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of Company. The Company's key management personnel are considered to be the members of the Board.

There was no compensation to key management staff during the year (2019: Nil).

Directors' mix

Executive Director

Non-executive Directors

	2020	2019
Number	1	1
Number	2	2

The non-executive directors that received compensation as at 31 December 2020 were Nil (2019: Nil) in numbers. The other non-executive directors are representative of the parent company and are not entitled to receive compensation. The number of Directors who received emoluments (excluding pensions and pension contributions) are Nil (2019: Nil).

Notes to the financial statements

16 Financial Instruments

16.1 Categories of financial instruments and their fair value

The table below show financial instruments by their measurement categories.

	Amortised cost N'000	Carrying value N'000
<u>As at 31 December 2020</u>		
Trade and other payables	7,940	6,252
Total financial liabilities	7,940	6,252
<u>As at 31 December 2019</u>		
Trade and other payables	6,252	6,252
Total financial liabilities	6,252	6,252

16.2 Financial risk management

The Company's principal financial liabilities comprise trade and other payables which is a payable to its parent company. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and Company's risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks.

(a) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

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 Company has no exposure to interest rate risk as it has no borrowings.

Foreign currency risk

Foreign currency 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 Company has no exposure to the risk of changes in foreign exchange rates.

(b) **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has no exposure to credit risk

Notes to the financial statements

16.2 Financial risk management (continued)

(c) Liquidity risk

The Company has no liquidity risk. Access to sources of funding is sufficiently available. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial instruments by measurement bases

The table below show financial instruments by their measurement bases.

	Total N'000	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 3 years N'000	4 to 5 years N'000
31 December 2020						
Trade and other payables	7,940	-	-	7,940	-	-
Total	7,940	-	-	7,940	-	-
31 December 2019						
Trade and other payables	6,252	-	-	6,252	-	-
Total	6,252	-	-	6,252	-	-

Fair Value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- trade payables approximate the carrying amounts largely due to the short-term maturity of the instrument.

As at 31 December 2020, there was no change in counterparty credit risk.

Notes to the financial statements

16.2 Financial risk management (continued)

(d) Capital risk management

Capital is the equity attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt its trade and other payables. The Company is not subject to any minimum capital requirement.

	2020 N'000	2019 N'000
Gearing Ratio		
Trade and other payables	<u>7,940</u>	<u>6,252</u>
Net debt	<u>7,940</u>	<u>6,252</u>
Total Equity	<u>42,060</u>	<u>43,748</u>
Equity and net debt	<u>50,000</u>	<u>50,000</u>
Gearing ratio	<u>15.9%</u>	<u>12.5%</u>

17 Going concern

The financial statements have been prepared on the basis that the Company will continue as a going concern. As at 31 December 2020, the company is yet to commence operations. The Company has however paid for the acquisition of the licence from the Central Bank of Nigeria.

18 Information relating to employees

The Company had no employees during the year (2019: Nil).

19 Contingent liabilities and Contingent assets

As at 31 December 2020, the Company had no contingent liabilities and contingent asset (2019: Nil).

20 Regulatory Sanctions - Nigerian Communications Act of 2003

In compliance with the directive of the Nigerian Communication Commission (NCC), pursuant to the provisions of Section 53(1) of the Nigerian Communication Act 2003, there was no sanction on the Company during the year (2019: Nil).

Notes to the financial statements

21 Events after the reporting period

a. Impact of COVID-19 on Business Operations:

Management has assessed the impact of the COVID-19 pandemic on the operations of the business and its ability to continue as a going concern. Based on the facts available to management and the mitigating plans in place, management do not anticipate the COVID-19 pandemic to have a significant impact on the operations of the business.

OTHER NATIONAL DISCLOSURES

Value Added Statement

	2020		2019	
	N'000	%	N'000	%
Revenue	-	-	-	-
Bought-in-materials and services				
- Local				
- Imported	(1,688)		(1,688)	
Value added by operating activities	<u>(1,688)</u>		<u>(1,688)</u>	
<i>Non trading items:</i>				
Other income	-		-	
Finance income	-		-	
Value Added	<u>(1,688)</u>	<u>100</u>	<u>(1,688)</u>	<u>100</u>
Applied as follows:				
To pay employees' salaries, wages and fringe benefits	-	-	-	-
To pay providers of capital - interest	-	-	-	-
Current taxation	-	-	-	-
Deferred Tax	-	-	-	-
Absorbed by the Company's operations	<u>(1,688)</u>	<u>100</u>	<u>(1,688)</u>	<u>100</u>
Value Added	<u>(1,688)</u>	<u>100</u>	<u>(1,688)</u>	<u>100</u>

The value added statement represents the wealth created through the efforts of the Company and its employees, and the distribution of created wealth amongst various interest groups.