Financial statements

In this section

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 'company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and company statement of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated statement of cash flows;
- the related Notes 1 to 37 of the consolidated financial statements; and
- the related Notes 1 to 9 of the company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 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 (the '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 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 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 and Airtel Money (mobile money) revenue • Classification of legal cases
Materiality	The materiality we have used for the Group financial statements is $35m which represents 5.0% of profit before tax (March 2020: 5.0% of profit before tax) and 2% (March 2020: 2%) of underlying earnings before interest, tax, depreciation and amortisation (underlying EBITDA).
Scoping	Our scope covered seventeen components. Of these, four were full-scope audits and thirteen were subject to specific procedures on certain account balances by component audit teams. These covered 89% of Group profit before tax and 93% of Group revenue. Components and balances not in scope were subject to analytical procedures by the Group audit team.
Changes in approach	Airtel Money revenue has been included as a key audit matter for the first time this year given continued growth in this business. The prior year key audit matter regarding the classification of legal and regulatory cases is now solely focused on the classification of legal cases following the closure of certain regulatory cases in the year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

5.1 Going concern

Key audit matter description	The Group made a profit before tax of $697m during the year ended 31 March 2021 (March 2020: $598m) and was in a net current liability position of $1,599m at 31 March 2021 (March 2020: $817m). As set out in the going concern disclosure in Note 2.2 to the financial statements, at the date of approving the financial statements, the Group had committed un-drawn credit facilities of $1,140m which includes an additional $500m facility as disclosed in Note 37. Net debt of $3,530m (March 2020: $3,247m) includes $2,384m of bonds which include a cross default clause 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, restricting the ability of the Group to raise additional debt. The $2,384m of bonds includes a $879m bond due for repayment in May 2021 and a $505m bond which includes an incurrence covenant that could restrict the Group from incurring indebtness unless Bharti Airtel Limited meets a designated consolidated indebtness to underlying EBITDA ratio. These cross-guaranteed debt notes and covenants mean that the Group could be adversely impacted by any material uncertainty affecting Bharti Airtel if the Group are unable to refinance the bond in good time or on acceptable terms. 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 106. The Directors' have forecast liquidity and cashflow to June 2022, which includes the repayment of the $879m bond (on maturity) in May 2021. Management have run a reasonable worst-case sensitivity to this base case forecast which is a severe but plausible forecast, including a further slowdown in revenue growth (including that Covid-19 will impact the Group for a further 6 months), higher operating and regulatory costs, further currency devaluation and that cash cannot subsequently be extracted from Nigeria for the going concern period. Further details on the impact of Covid-19 on the Group can be found on pages 16 and 17. Management have identified a number of mitigating actions to preserve liquidity, including a reduction in capital expenditure and, if required, a reduction in dividends. These forecasts (base case and reasonable worst-case sensitivity) project that the Group has adequate liquidity, taking into account the available cash at 31 March 2021 and committed facilities of $1,140m 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 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.

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to the members of Airtel Africa plc continued

How the scope of our audit responded to the key audit matter	Our procedures involved: • Obtaining an understanding of the relevant controls over the Group's forecasting process; • Performing enhanced risk assessment procedures in response to the economic disruption associated with the Covid-19 pandemic and increasing audit effort to challenge whether there was a material uncertainty over the Group and company's ability to continue as a going concern. This covered a period of at least twelve months from the date of approval of the financial statements; • Assessing the reasonableness of the anticipated impact of the Group's principal risks (including 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; • 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; • Obtaining direct confirmations of the value, duration and terms for the Group's committed facilities; • 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; • Recalculating the cash headroom available using committed facilities in each of the scenarios prepared by management and approved by the directors and 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 and historical forecasting accuracy; • Evaluating the key mitigating actions available, including a reduction in capital expenditure; • 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; and • Reviewing the going concern disclosures within the financial statements.
Key observations	We concur with the directors' conclusion that it is appropriate to prepare the financial statements using the going concern basis of accounting and that there isn't a material uncertainty related to going concern. We consider the going concern disclosures within Note 2.2 of the financial statements to be appropriate.

5.2 Impairment of goodwill

Key audit matter description	As set out in Note 15, the Group has \$3,835m of goodwill (March 2020: \$3,943m) allocated across the Group's three operating segments – Nigeria, East Africa and Francophone Africa. Each operating segment is considered to be a group of cash generating units (CGUs) for impairment testing purposes. Management measure the recoverable amount of each group of CGU's on a value-in-use basis. The most sensitive assumption in determining value in use is the discount rate. This is due to the inherent volatility in the African markets in which the Group operates and the impact this has on key inputs into the calculation of the discount rate, including country risk premiums. At March 2020, significant market volatility following Covid-19 led to an increase in sovereign credit default swap rates and country risk premia. Given this volatility, management adopted average country risk premiums at March 2020 to reflect rates both pre and post Covid-19. At 31 December 2020 (the impairment test date) this significant market volatility has reduced and management have reverted to using a spot rate. Over the period, the Group's discount rates for Nigeria, East Africa and Francophone Africa consequently fell by 2.05%, 2.28% and 2.15% respectively. Headroom for Nigeria, East Africa and Francophone Africa at 31 December 2020 was \$1,719m, \$4,811m and \$1,811m, respectively, (March 2020: \$383m, \$669m and \$714m, respectively). Other assumptions include, but are not limited to, the timing of future capital expenditure, EBITDA and revenue growth rates and the long term growth rates. The overall recoverable value is less sensitive to a change in these assumptions. IAS 36 requires that forecasts used in impairment tests should be based on management's approved budgets and plans which should not exceed a period of 5 years unless a longer period can be justified. This includes management's confidence that projections past 5 years are reliable and can demonstrate their ability, based on past experience, to forecast cash flows accurately over that longer period. Management have chosen an initial forecast period of 10 years, with long-term growth rates applied at the end of this period. Management have adopted an initial 10 year period principally as the life of the Group's regulatory licences and network assets are, at a minimum, 10 years, the barriers of entry to the telecommunication market are high and that African telecoms markets are emerging when compared to Western economies, including lower smartphone penetration suggesting an opportunity for longer term growth. While external market data exists, against which to benchmark assumptions over years 1 to 5 of the forecasts, no external data exists to benchmark assumptions over years 6 to 10. For this reason we consider the use of an initial 5 year plan to be more appropriate. Management had determined that, were an initial forecast period of 5 years to be adopted, applying the same terminal growth rate at that date as is used in the 10 year forecasts, no impairment would arise. The overall impact on value in use from using a 5 year initial forecast, with appropriate long term growth rates, would be to decrease headroom by not more than 6%. This is further explained in Note 15 of the financial statements. Further details on the Group's impairment assessment is included within Note 15 of the financial statements and in the Audit and Risk Committee's report on page 106. 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.

How the scope of our audit responded to the key audit matter	Our procedures involved: • Obtaining an understanding of the relevant controls over the Group's forecasting process and goodwill impairment review including controls around the methodology adopted, the data used and the setting of key assumptions; • Assessing the appropriateness of the 10 year initial forecast period including comparing against the requirements of IAS 36 and judging the confirmatory and contradictory evidence for this period, including: – The useful lives of the Group's licences and network assets; – Forecast smartphone penetration at the end of 5 years compared to the more mature western economies; – The Group's historic forecasting accuracy; – The availability of external market data to substantiate growth assumptions past the end of 5 years; and – The initial forecast period adopted by other telecommunication operators across Africa and Europe based on benchmarking from their own annual report and accounts. • Given the limited external market data to substantiate growth assumptions past the end of year 5, we also assessed the impact of using a 5 rather than a 10 year forecast period; • Working with our valuation specialists to assess and challenge the discount rates adopted through independently recalculating our own rates. We assessed whether management's methodology for determining their discount rates was in accordance with an appropriate valuation methodology and that the assumptions used in management's discount rates were from an acceptable source; • Evaluating and challenging the Group's cash flow forecasts based on historical forecasting accuracy and external data to substantiate management's growth forecasts; • Reviewing and challenging management's assessment of the difference between the overall recoverable amount against the Group's market capitalisation. We also assessed the implied EBITDA multiple of the Group's value-in-use, comparing this to EBITDA multiple data across the wider telecommunication industry to ensure the value in use calculated was not significantly out of line with industry multiples; • Assessing the sensitivity of each group of CGUs to key inputs and tested the integrity and mechanical accuracy of the impairment models. We also assessed and challenged the sensitivity analysis run by management including the potential impact of Covid-19 on the business; and • Reviewing the impairment disclosures against the requirements of IAS 36.
Key observations	While there is some confirmatory evidence to support the use of an initial 10 year forecast period, there is a lack of external data against which to benchmark growth assumptions past year 5. In addition, most other telecommunication operators do not adopt an initial 10 year forecast period. We therefore consider a 5 year forecast period to be more appropriate, however we concur with management that the use of a 5 year forecast would not lead to an impairment, as disclosed in Note 15 to the financial statements. We considered the discount rate and long term growth rates assumptions adopted by management to overall be reasonable. Based on the procedures performed, we concur with management's judgment that there is no impairment of goodwill in any of the group of CGUs. We consider the impairment disclosures within Note 15 of the financial statements to be appropriate and in compliance with IAS 36.

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5.3 Prepaid and Airtel Money (mobile money) revenue

Key audit matter description	As set out in Note 6, revenue of $3,908m (2020: $3,422m) is derived from the provision of voice, data, mobile money and other services. These revenue streams account for $3,561m (2020: $3,120m) with voice and data accounting for $3,260m (2020: $2,900m) of revenue and mobile money services $301m (2020: $220m) of revenue. We included, for the first time this year, mobile money revenue as a key audit matter given the continued growth and importance of this revenue stream. Voice and data customers subscribe to the services on a prepaid basis. Mobile money revenue relates to the commission earned on allowing customers to transfer funds and pay bills on the Group's mobile money IT platform. The Group's accounting policies on prepaid and mobile money revenue are set out in Note 2.21. Due to the complexity of the Group's revenue recording systems (IN for prepaid revenue and Mobiquity for mobile money) and the volume of customer data, we identified a key audit matter relating to prepaid revenue, specifically (i) the correct set up of system tariffs and (ii) the manual journal posting of revenue from the billing system to the general ledger. For mobile money we identified a key audit matter in relation to the accuracy of rates and tariffs within the mobile money IT system. Errors in either would impact the accuracy of prepaid and mobile money revenue.
How the scope of our audit responded to the key audit matter	Our procedures involved: • Working with our IT specialists to understand the IT environment in which the revenue recording systems reside, including interface controls between different IT applications. This included the IN billing system for prepaid revenue and the Mobiquity IT platform for mobile money; • Testing the operating effectiveness of the relevant controls over (a) approval and maintenance of new plans in the IN billing system, and (b) authorisation of rate changes and the maintenance of rates within the IN and Mobiquity systems; • Testing the reconciliation process between the general ledger and IN/Mobiquity, including any manual adjustments posted; • For prepaid revenue, testing a sample of call record validations to test the accuracy of prepaid revenue and the resolution of exceptions in addition to performing independent call testing to check the set up of rates; • Performing analytics at a Group level to sense check key movements in prepaid and Airtel Money revenue recorded within the general ledger against cash collection in the billing systems; and • Testing a sample of tariff set up and rate changes in the IN and Mobiquity systems for prepaid and mobile money revenue.
Key observations	Based on our work, we did not identify any significant issues on the accuracy of prepaid and mobile money revenue recorded in the year.

5.4 Classification of legal cases

Key audit matter description	As set out in Note 26, management has recorded $19m (March 2020: $18m) of provisions in respect of legal claims and Note 30 illustrates contingent liabilities of $87m (March 2020: $83m). In the current year, we focussed the key audit matter on legal cases (March 2020: regulatory and legal cases). Following a reduction since the prior year, regulatory cases were not material in the current year. Airtel Africa has a presence in 14 countries across Africa with different legal environments. Each component maintains legal registers which are updated on a monthly basis to summarise the current position of each legal case and to consider in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent assets, 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 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. The Audit and Risk Committee also comment on this area in their report on page 107. We identified a key audit matter relating to the appropriate classification and presentation of legal cases within the financial statements as remote (no disclosure), possible (contingent liability, Note 30) and probable (provision, Note 26) in accordance with IAS 37. There are a significant number of ongoing legal 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. As a result of these factors and the legal 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: • Obtaining an understanding of relevant controls concerning the classification of legal cases; • Assessing a sample of 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 cases; • Circularising external legal counsel for a sample of cases and checking their assessment of whether a legal case is probable, possible or remote against management's assessment. We also evaluated the competence, capability and objectivity of external legal counsel; • 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; and • Reviewed the financial statement disclosures including the articulation of each material case.
Key observations	Based on the procedures performed, we consider the classification of legal cases as probable, possible and remote to be 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

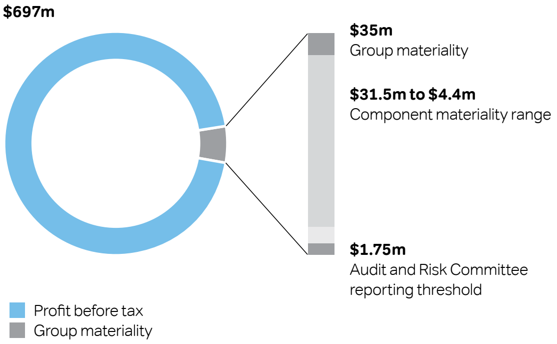
6.1 Materiality

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	Company financial statements
Materiality	$35m (March 2020: $30m)	$31.5m (March 2020: $27m)
Basis for determining materiality	5.0% of profit before tax (March 2020: 5% of profit before tax) and 2% of underlying EBITDA (March 2020: 2%).	1% of net assets but capped at $31.5m (90% of Group materiality) (March 2020: 1% of net assets 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. Underlying EBITDA is also a key performance measure for the Group.	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.

Profit before tax
$697m



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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 financial statements	Company financial statements
Materiality	50% of Group materiality (March 2020: 50%)	50% of company materiality (March 2020: 50%)
Basis and rationale for determining performance materiality	• Our experience of auditing the Group, as while this is the third year we have performed an audit on the consolidated financial statements, it was only the second year we have audited the Group as a listed entity on the London Stock Exchange and we were subject to restrictions on our ability to travel to visit component management and component audit teams; • Our assessment of the control environment: whilst we were able to rely on controls for certain areas of the audit, there were other areas where we were unable to rely on controls as the controls are largely manual review controls; and • The African legal and regulatory environment in which the Group operates.	

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 $1.75m (March 2020: $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.

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 risks presented within each region.

The Group is made up of fourteen trading entities, all in different countries across Africa and supported by the Group's ultimate parent's (Bharti Airtel Limited's) shared service centre based in India, as well as a key holding company based in the Netherlands (Bharti Airtel Netherlands BV) which holds the majority of the Group's debt, and Airtel Africa plc (the 'company').

For the trading entities in the Group, component teams performed full scope audits on two components (Nigeria and Uganda) and audits of specified account balances for twelve components as set out in the table below. A key change over the prior year was a reduction in the number of full scope audits from six to two but an expansion of the number of components where we performed an audit of specified account balances from five to twelve. This change was made in order to perform audit procedures across a wider proportion of the Group.

We also performed full scope audits on Bharti Airtel Netherlands BV and Airtel Africa plc. A component audit team also performed procedures at the shared service centre in India.

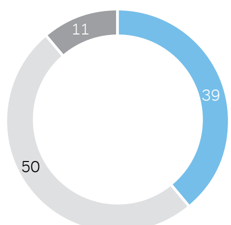
The Group's team performed analytical review procedures on the remaining balances not included within audit scope, each of which are insignificant in addition to making inquiries of management, and evaluating and testing management's Group-wide controls across a range of locations and segments in order to address the risk of residual misstatement on a segment-wide and component basis. At the Group level, we also tested the consolidation process and performed procedures over our significant risks and controls.

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

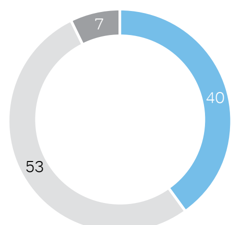
Segment	Full scope audit	Audits of specified balances
Nigeria	Nigeria	
East Africa	Uganda	Tanzania, Malawi, Kenya, Zambia and Rwanda
Francophone	–	Democratic Republic of Congo, Congo Brazzaville, Niger, Chad, Gabon, Madagascar and the Seychelles
Central	AA plc and Netherlands holding company Shared service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

Based on this assessment our full scope audits of the principal operating units of the Group covered 39% of profit before tax and 40% of revenue. Our audits of specific account balances covered 50% of profit before tax and 53% of revenue. In total we covered 89% of profit before tax and 93% of revenue.

Profit before tax



Revenue



Full scope

Specified audit procedures

Review procedures

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 testing 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 the accounting and revenue recording systems, including revenue recording systems managed in country (such as those relating to prepaid, mobile money and interconnect revenue) and the Group's general ledger system. 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 prepaid revenue, interconnect revenue, mobile money revenue, 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.

We planned to rely on controls around the recording of leases under IFRS16 'Leases' but determined that certain controls were not sufficiently precise for us to be able to rely on them.

7.2.3 Governance controls

We paid particular attention to the governance of the relationship with the parent company and entity level controls. We did not identify any significant findings in these areas.

7.3 Working with other auditors

The majority of account balances are managed (and audited) at the shared service centre in India. This is supplemented by the management and audit of account balances at each operating company and the Group head office in Nairobi.

In normal circumstances we would plan to visit the shared service centre in India and the Group's head office in Nairobi at regular intervals, supplemented by visits to a sample of the Group's operating companies. Given the Covid-19 pandemic, we were unable to undertake any visits during the year.

In response to our inability to travel, we undertook the following:

- We held a virtual meeting with all component audit teams to discuss and agree the planning and execution of the audit;
- We remained in regular contact with all component teams throughout the year to understand key issues and appropriately plan the year end audit. These interactions were increased during the key audit period and included direct calls between senior members of the Group and component audit teams;
- Daily calls with Airtel management throughout the core period of the audit which also involved Deloitte India, who audit the shared service centre in India where the majority of account balances are managed; and
- We sent detailed instructions to our component audit teams, included them in our team briefings, and reviewed component auditors' work papers with our direct access to their electronic audit systems.

8. Other information

The other information comprises the information included in the annual report including the strategic report, the corporate governance report, the directors' remuneration report and the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

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 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 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.

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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;
- 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 of fraud or non-compliance with laws and regulations; and
- The matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, working capital, 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, mobile money revenue and the classification of legal cases. 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.

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 regulations set by 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, mobile money revenue and the classification of legal cases as potential risks 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; and
- 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, 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; and
- 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 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. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 106;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 79 to 80;
- the directors' statement on fair, balanced and understandable set out on page 105;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 71;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 107; and
- the section describing the work of the Audit and Risk Committee set out on pages 100 to 109.

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

14.1 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 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.

15. Other matters

15.1 Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by 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 three years, covering the years ending 31 March 2019 to 31 March 2021.

15.2 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).

16. 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

11 May 2021

Consolidated statement of comprehensive income

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

	Notes	For the year ended 31 March 2021	31 March 2020
Income			
Revenue	6	**3,908**	3,422
Other income		**11**	17
		3,919	3,439
Expenses			
Network operating expenses		**694**	628
Access charges		**376**	376
Licence fee/spectrum usage charges		**198**	189
Employee benefits expense	7	**275**	234
Sales and marketing expenses		**187**	148
Impairment loss/(reversal) on financial assets		**7**	(2)
Other operating expenses		**382**	333
Depreciation and amortisation	9	**681**	632
		2,800	2,538
Operating profit		**1,119**	901
Finance costs	10	**432**	440
Finance income	10	**(9)**	(67)
Non-operating income	11	**–**	(70)
Share of profit of associate		**(1)**	(0)
Profit before tax		**697**	598
Income tax expense	12	**282**	190
Profit for the year		**415**	408
Profit before tax (as presented above)		**697**	598
Less: Exceptional items (net)	11	**(14)**	(65)
Underlying profit before tax		**683**	533
Profit after tax (as presented above)		**415**	408
Less: Exceptional items (net)	11	**(50)**	(112)
Underlying profit after tax		**365**	296
Other comprehensive income (OCI)			
Items to be reclassified subsequently to profit or loss:			
Net losses due to foreign currency translation differences		**(138)**	(219)
Net (loss)/gain on net investments hedge		**(11)**	5
Net loss on cash flow hedge		**–**	(2)
		(149)	(216)
Items not to be reclassified subsequently to profit or loss:			
Re-measurement (loss)/gain on defined benefit plans		**(0)**	1
Tax credit/(expense) on above		**0**	(0)
		(0)	1
Other comprehensive loss for the year		**(149)**	(215)
Total comprehensive income for the year		**266**	193
Profit for the year attributable to:		**415**	408
Owners of the company		**339**	370
Non-controlling interests		**76**	38
Other comprehensive loss for the year attributable to:		**(149)**	(215)
Owners of the company		**(140)**	(224)
Non-controlling interests		**(9)**	9
Total comprehensive income for the year attributable to:		**266**	193
Owners of the company		**199**	146
Non-controlling interests		**67**	47
Earnings per share			
Basic	13	**9.0c**	10.3c
Diluted	13	**9.0c**	10.3c

Consolidated statement of financial position

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

	Notes	As of 31 March 2021	As of 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	14	**2,066**	1,832
Capital work-in-progress	14	**166**	259
Right of use assets	31	**799**	639
Goodwill	15	**3,835**	3,943
Other intangible assets	15	**558**	456
Intangible assets under development	15	**177**	30
Investment in associate	16	**4**	3
Financial assets			
– Investments		**0**	0
– Derivative instruments	17	**6**	0
– Security deposits	18	**8**	7
– Others		**9**	1
Income tax assets (net)		**33**	39
Deferred tax assets (net)	12	**314**	333
Other non-current assets	19	**112**	112
		8,087	7,654
Current assets			
Inventories		**7**	3
Financial assets			
– Derivative instruments	17	**6**	10
– Trade receivables	20	**113**	132
– Cash and cash equivalents	21	**813**	1,010
– Other bank balances	21	**282**	6
– Balance held under mobile money trust		**440**	295
– Others	22	**66**	66
Other current assets	19	**147**	149
Assets of disposal group classified as held for sale	35	**31**	–
		1,905	1,671
Total assets		**9,992**	9,325
Current liabilities			
Financial liabilities			
– Borrowings	23	**342**	235
– Current maturities of long-term borrowings	23	**1,126**	429
– Lease liabilities	31	**240**	199
– Derivative instruments	17	**7**	3
– Trade payables		**366**	416
– Mobile money wallet balance		**432**	292
– Others	24	**448**	461
Provisions	26	**65**	65
Deferred revenue		**135**	124
Current tax liabilities (net)		**173**	149
Other current liabilities	25	**151**	115
Liabilities of disposal group classified as held for sale	35	**19**	–
		3,504	2,488
Net current liabilities		**(1,599)**	(817)
Non-current liabilities			
Financial liabilities			
– Borrowings	23	**1,871**	2,446
– Lease liabilities	31	**1,037**	970
– Derivative instruments	17	**6**	4
– Others	24	**91**	15
Provisions	26	**25**	23
Deferred tax liabilities (net)	12	**81**	69
Other non-current liabilities	25	**24**	29
		3,135	3,556
Total liabilities		**6,639**	6,044
Net Assets		**3,353**	3,281
Equity			
Share capital	27	**3,420**	3,420
Retained earnings	28	**2,975**	2,805
Other reserve	28	**(2,990)**	(2,837)
Equity attributable to owners of the company		**3,405**	3,388
Non-controlling interests (NCI)		**(52)**	(107)
Total equity		**3,353**	3,281

The consolidated financial statements (company registration number: 11462215) were approved by the Board of directors and authorised for issue on 11 May 2021 and were signed on its behalf by:

Raghunath Mandava
Chief executive officer
11 May 2021

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				
	Number of shares	Amount	Share premium (Note 28b)	Retained earnings (Note 28a)	Transactions with NCI reserve	Other components of equity (Note 28c)	Equity attributable to owners of the company	Non-controlling interests (NCI)	Total equity
As of 1 April 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	–	–	–	–	–	7	7	–	7
Employee share-based payment expenses	–	–	–	–	–	0	0	–	0
Reversal of indemnities	–	–	–	64	–	–	64	–	64
Court approved reduction in share premium	–	–	(809)	809	–	–	–	–	–
Transactions with NCI	–	–	–	–	(5)	–	(5)	36	31
Dividend to owners of the company	–	–	–	(113)	–	–	(113)	–	(113)
Dividend (including tax) to NCI	–	–	–	–	–	–	–	(7)	(7)
As of 31 March 2020	6,839,896,081	3,420	–	2,805	(585)	(2,252)	3,388	(107)	3,281
Profit for the year	**–**	**–**	**–**	**339**	**–**	**–**	**339**	**76**	**415**
Other comprehensive loss	**–**	**–**	**–**	**(0)**	**–**	**(140)**	**(140)**	**(9)**	**(149)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**339**	**–**	**(140)**	**199**	**67**	**266**
Transaction with owners of equity									
Employee share-based payment expenses	**–**	**–**	**–**	**(0)**	**–**	**0**	**0**	**–**	**0**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(4)**	**(4)**	**–**	**(4)**
Transactions with NCI	**–**	**–**	**–**	**–**	**(9)**	**–**	**(9)**	**1**	**(8)**
Dividend to owners of the company Note 5 (a) and (b)	**–**	**–**	**–**	**(169)**	**–**	**–**	**(169)**	**–**	**(169)**
Dividend (including tax) to NCI[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13)**	**(13)**
As of 31 March 2021	**6,839,896,081**	**3,420**	**–**	**2,975**	**(594)**	**(2,396)**	**3,405**	**(52)**	**3,353**

1 Dividend to NCI includes tax of $0m

Consolidated statement of cash flows

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

	For the year ended	
	31 March 2021	31 March 2020
Cash flows from operating activities		
Profit before tax	**697**	598
Adjustments for		
Depreciation and amortisation	**681**	632
Finance income	**(9)**	(67)
Finance cost	**432**	440
Share of profit of associate	**(1)**	(0)
Non-operating income adjustments	**–**	(70)
Other non-cash adjustments[1]	**(15)**	(45)
Operating cash flow before changes in working capital	**1,785**	1,488
Changes in working capital		
Increase in trade receivables	**(8)**	(11)
Increase in inventories	**(4)**	(1)
Decrease in trade payables	**(38)**	(15)
Increase in mobile money wallet balance	**139**	53
Increase in provisions	**1**	2
Increase in deferred revenue	**17**	20
Decrease in income received in advance	**(1)**	(11)
Increase in other financial and non-financial liabilities	**18**	4
Increase in other financial and non-financial assets	**(48)**	(28)
Net cash generated from operations before tax	**1,861**	1,501
Income taxes paid	**(195)**	(114)
Net cash generated from operating activities (a)	**1,666**	1,387
Cash flows from investing activities		
Purchase of property, plant and equipment and capital work-in-progress	**(645)**	(656)
Purchase of intangible assets	**(270)**	(155)
Investment in term deposits with banks	**(257)**	–
Payment of deferred consideration for past business combination	**–**	(19)
Interest received	**14**	29
Net cash used in investing activities (b)	**(1,158)**	(801)
Cash flows from financing activities		
Proceeds from issue of shares to owners of the company	**–**	680
Proceeds from sale of shares to non-controlling interests	**–**	34
Acquisition of non-controlling interests	**(7)**	–
Purchase of own shares by ESOP trust	**(4)**	–
Payment of share issue expenses	**–**	(17)
Proceeds from borrowings	**407**	174
Repayment of borrowings	**(265)**	(720)
Repayment of lease liabilities	**(208)**	(189)
Dividend paid to non-controlling interests	**(9)**	(5)
Dividend paid to owners of the company	**(169)**	(113)
Interest and other finance charges paid	**(317)**	(318)
Share stabilisation proceeds	**–**	7
Proceeds from cancellation of derivatives	**–**	122
Payment on maturity of derivatives	**(3)**	(25)
Net cash used in financing activities (c)	**(575)**	(370)
(Decrease)/Increase in cash and cash equivalents during the period (a+b+c)	**(67)**	216
Currency translation differences relating to cash and cash equivalents	**(17)**	1
Cash and cash equivalents as at beginning of the period	**1,087**	870
Cash and cash equivalents as at end of the period (Note 21)[2]	**1,003**	1,087

1 For the year ended 31 March 2021, this mainly includes recognition of revenue pertaining to earlier years on a cumulative catch-up basis, arising out of a non-cash settlement agreement entered with a customer in one of the Group's subsidiaries in Niger. 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 $440m (2020: $295m) 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 plc (the company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered 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 is a subsidiary of Airtel Africa Mauritius Limited (the parent), a company registered in Mauritius. The registered address of the parent is c/o IQ EQ Corporate Services (Mauritius) Ltd., 33 Edith Cavell Street, Port Louis, 11324, Mauritius.

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 telecommunications and mobile money services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union.

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.

Pursuant to September 2019 IFRIC update on presentation of liabilities related to uncertain tax treatments, the Group now presents provisions for uncertain tax positions under 'current tax liabilities'. Consequently, the Group has reclassified $5m from 'provisions' to 'current tax liabilities' for the year ended 31 March 2020.

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. The Bharti Airtel Limited Group financial statements are publicly available and can be obtained at www.airtel.in.

New and amended standards and interpretations that are effective for the current year

No new IFRS issued during the year is applicable to the Group. Amendments to existing IFRSs have been applied by the Group as required, however, these amendments do not have any material impact on the Group's financial statements.

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 value 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 is 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

These financial statements have been prepared on a going concern basis. In making this going concern assessment, the Group has considered cash flow projections to June 2022 under both base and reasonable worst case scenarios taking into consideration its principal risks and uncertainties including a reduction in revenue and EBITDA, the potential impact of Covid-19 and a significant devaluation of the various currencies in the markets in which the Group operates (including Nigerian naira) and the impact on the possible inability of repatriating funds from subsidiaries. As part of this evaluation, the Group has considered available ways to mitigate these risks and uncertainties and has also considered that the Group has committed undrawn facilities of $1,140m as of the date of authorisation of these financial statements (out of which $1,036m are due to expire beyond the next 12 months), which will fulfill the Group's cash flow requirement under both base and reasonable worst case scenarios.

We have $2,384m in long-term bonds, with the first repayment of $879m (€750m) due in May 2021 which will be paid through a mix of cash held as well as from the proceeds of a $500m inaugural multi-bank long-term facility (part of the $1,036m undrawn facilities mentioned above) entered into by Airtel Africa plc in April 2021.

Having considered the above factors impacting the Group's businesses, including the scheduled Euro bond repayment of $879m (€750m) due in May 2021, the impact of downside sensitivities, and the mitigating actions available, including a reduction and deferral of capital expenditure, the Board is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis of accounting in preparing the Group and company 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) and are 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. Associate

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.

The investment in associate is accounted for using the equity method from the date on which the Group 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 and associate are aligned wherever necessary, to ensure consistency with the accounting policies that are adopted by the Group under IFRS.

The standalone 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 consolidated financial statements. The gains resulting from intra-group transactions are also eliminated. Similarly, the losses are eliminated unless the transaction provides evidence as to impairment of the asset transferred.

The Group's investment in its associate is accounted for using the equity method. Accordingly, the investment is carried at cost less any impairment loss, as adjusted for post-acquisition changes in the Group's share of the net assets of the investee. Any excess of the cost over the Group's share of net assets in its associate at the date of acquisition is presented as goodwill. The goodwill is included within the carrying amount of the investment. The unrealised gains/losses resulting from transactions with the 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 combinations

The Group accounts for business combinations using the acquisition method of accounting, accordingly, the identifiable assets acquired and the liabilities assumed in the acquiree are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standards) 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 or assumed 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 acquiree 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 acquiree, 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'.

Common control transactions

Transactions arising from transfers of assets/liabilities, interest in entities or interest in businesses between parties that are under the common control are accounted at historical carrying amounts. The difference between any consideration paid/received and the aggregate historical carrying amounts of assets/liabilities, and interests in entities acquired/disposed (other than impairment, if any), is recorded in retained earnings.

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 dollar, which is also the functional and presentation currency of the company.

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

2. Summary of significant accounting policies continued

b. Transactions and balances

For the purpose of presenting consolidated financial statements, 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 dollar at the exchange rates prevailing at the reporting date whereas their statements of profit and loss are translated into US dollar 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.

Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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 equivalents 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 relationships and separated embedded derivatives are classified based on the hedged item and the host contract, respectively.

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 a 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 ready 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
Building	20
Plant and equipment	
– Network equipment (including passive infrastructure)	3 – 25
Computer equipment	3 – 5
Furniture and fixture, office equipment	1 – 5
Vehicles	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/or depreciation method 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 acquired (refer to 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 if any. 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 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 which includes its purchase price and cash price equivalent of deferred payments beyond normal credit terms, if any. 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.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognised in profit or loss as incurred.

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

- **Software**

Software is amortised over the software licence period, 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 generally range from two to twenty-five years.

In addition, the Group incurs a fee on licences/spectrum that is calculated based on the revenue of the licensee entity. Such revenue-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 customer relationships which are amortised over the estimated life of such relationships generally ranging from one year to five years.

The useful lives and the amortisation method is reviewed and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortisation is 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 to 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 a 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), and
- those to be measured at amortised cost.

The Group does not have any financial instruments classified as fair value through other comprehensive income.

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.

2. Summary of significant accounting policies continued

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 off-set against each other and the resulting 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.

The transaction price is generally the best evidence of the financial instrument's initial fair value. However, it is possible for an entity to determine that the instrument's fair value is not the transaction price. The difference between the transaction amount and the fair value (if any) is accounted for as follows:

- The difference is recognised as a gain or loss only if fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a level 1 input) or based on a valuation technique that uses only data from observable markets
- In all other cases, an entity recognises the instrument at fair value and defers the difference between the fair value at initial recognition and the transaction price.

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.

- **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 (based on 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 instruments 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.

In cases, where the initial fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on observable inputs, on subsequent measurement, the difference between initial fair value and transaction price is recognised in profit or loss on an appropriate basis (e.g. straight-line) over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

d. Hedging activities

I. Fair value hedge

Some of the Group's entities may use derivative financial instruments (e.g. interest rate swaps) to manage/mitigate their exposure to the risk of change in fair value of the borrowings. The Group may designate 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 may use derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Group may designate 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, expired 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 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.

Sale and lease back

In case of sale and leaseback transactions, the Group first considers whether the initial transfer of the underlying asset to the buyer-lessor is a sale by applying the requirements of IFRS 15. If the transfer qualifies as a sale and the transaction is on market terms the Group effectively derecognises the asset, recognises a right-of-use asset (and lease liabilities) and recognises a portion of the total gain or loss on the sale. The amount recognised is calculated by splitting the total gain or loss into:

- an amount recognised in consolidated statement of comprehensive income relating to the buyer-lessor's rights in the underlying asset, and
- an unrecognised amount relating to the rights retained by the seller-lessee which is deferred by way of reducing the right-of-use assets initially recognised.

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. Summary of significant accounting policies continued

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 payment 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 and are presented within current tax liabilities. 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.

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 profit nor taxable profit (tax 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. To assess such probability, the Group considers profit generation capability of the taxable entity based on historical trends as well as forecasted profitability for the foreseeable future. Once such probability is assessed to determine the amount of deferred tax assets to be recognised, an evaluation is done based on availability of sufficient deductible temporary differences during the foreseeable future, relating to the same taxation authority and in the same taxable entity.

Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries 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 taxable profits for a foreseeable future.

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.

Income tax assets and liabilities are off-set 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 set-off the current income tax assets and liabilities, and (b) when it relates to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.13 Inventories

Group's inventories include handsets, modems and related accessories.

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 an integral part of the Group's cash management and balances held under mobile money trust are also included as a component of cash and cash equivalents. Term deposits with an original maturity of more than three months are presented within other bank balances.

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 are 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 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 an 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**

Refer to Note 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.

The Group measures the fair value of the services received from employees by reference to the fair value of the equity instruments granted. The grant-date fair value of equity-settled share-based payment arrangements is generally recognised as an expense on straight-line basis, with a corresponding increase in equity (reserves), over the vesting period of the awards.

At each reporting date, the Group estimates the number of equity instruments expected to eventually 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 fair value of the amount payable to employees in respect of share-based payments which are settled in cash, is recognised as an expense on a straight-line basis with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of such instruments. Any changes in the liability are recognised in profit or loss.

As at each reporting date, the Group estimates the number of awards that are expected to eventually 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.

For further details of equity-settled and cash-settled compensation plans refer to Note 7.

- **Treasury shares**

During the year ended 31 March 2021, the company established an Employee Benefit Trust (EBT) and is the sponsoring entity of the EBT. The company provides funds to the EBT to enable it to satisfy its objectives. The company's equity instruments held by the EBT are accounted for as if they were the company's own equity and are treated as treasury shares. Such treasury shares are recorded at cost and deducted from equity. Refer to Note 28c for details of treasury shares held by the EBT.

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 advisors, 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.

2. Summary of significant accounting policies continued

c. Asset retirement obligation (ARO)

ARO 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. ARO 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 receivable 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 receivable from the ultimate 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 standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells equipment and network services separately.

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 telecommunications services and mobile money services to customers. The majority of the customers of the Group subscribe to the services on a pre-paid basis.

Telecommunications service revenue mainly pertain to usage, subscription charges for voice, data, messaging and value-added services and customer onboarding charges.

Telecommunications services 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 statement of comprehensive income 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 telecommunications services provided during the reporting period as a proportion of the total units of telecommunications services to be provided.

Subscription charges are recognised over the subscription pack validity period.

Revenue 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 revenue 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.

Revenue 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 other's network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Group's network, i.e. when 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 money 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.

- **Equipment sales**

Equipment sales mainly pertain to sale of telecommunications 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.

Costs to obtain or fulfil a contract with a customer

The Group defers costs to obtain or fulfil contracts with customers over expected average customer life determined based on churn rate.

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 profit of the associate.

2.24 Exceptional items – alternative performance measures (APM)

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, 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, and
- '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, see pages 67 to 71 of the strategic report.

2.25 Dividends

Dividends 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 is computed by dividing the profit for the period attributable to the owners of the parent by the weighted average number of shares net of any treasury 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 of $22m carried as current tax liabilities and contingencies of $23m (refer to Note 30) are 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.

- **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 future taxable profit. Uncertainties exist in determining 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. A deferred tax asset was recognised in Tanzania during the year.

Tanzania has carried forward tax losses and temporary differences on which deferred tax was not recognised in the past. Considering Tanzania 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 $44m was recognised during the year out of which $5m has been utilised.

Should the future taxable profits for entities where deferred tax asset has been recognised be higher by 5% than expected as on 31 March 2021, additional deferred tax assets could be recognised for $25m. For remaining loss-making subsidiaries, the criteria to recognise a deferred tax asset was not met as of 31 March 2021.

The Group also carries unrecognised deferred tax assets in respect of deductible temporary differences and carry forward tax losses amounting to $1,491m as of 31 March 2021. Should the future taxable profits for these entities increase relative to current forecasts, this could result in the recognition of additional material amount of deferred tax assets within the next 12 months.

- **Contingent liabilities and provisions**

The Group is involved in various legal, indirect tax and regulatory matters, the outcome of which may not be favourable to the Group. Management in consultation with the legal, indirect tax and other advisors 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. The Group carried provisions amounting to $59m in respect of indirect tax, legal and regulatory matters and presents contingencies amounting to $134m. However, given the nature of these matters, there may be a risk of a material change within the next financial year. For further details, refer to Notes 26 and 30, respectively.

3. Critical accounting estimates, assumptions and judgements continued

3.2 Critical judgements in applying the Group's accounting policies

The critical judgement, 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, is discussed below:

- **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 operation. 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 2021

The following pronouncements issued by the IASB are relevant to the Group and effective for annual periods beginning on or after 1 January 2021. The Group's financial statements will be presented in accordance with these requirements, which are being evaluated but are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group. These pronouncements have been issued by IASB, but have not yet been adopted by the EU for use in the UK.

- Amendments to IAS 37 in relation to 'onerous contracts – cost of fulfilling contracts'
- Amendments to IAS 1 in relation to 'classification of liabilities as current and non-current'

Following the exit of UK from the EU on 31 December 2020, for accounting periods beginning on or after 1 January 2021 the United Kingdom Endorsement Body (UKEB) is now endorsing International Financial Reporting Standards (IFRS) as adopted by the UKEB for use in the UK. The Group will adopt UKEB endorsed standards with effect from 1 April 2021. The impact of the UKEB adoption is still being evaluated but not expected to have a material impact on the consolidated results, financial position or cash flows of the Group.

5. Significant transactions/new developments

a) The shareholders declared a final dividend of 3 cents per ordinary share for the year ended 31 March 2020, which was paid on 24 July 2020 to the holders of ordinary shares on the register of members at the close of business on 3 July 2020.

b) The interim dividend of 1.5 cents per share was approved by the Board on 22 October 2020 and paid on 11 December 2020 to the holders of ordinary shares on the register of members at the close of business on 13 November 2020.

c) During the year, Airtel Uganda Limited was issued with a National Telecom Operator licence under the new Licensing Regime applicable in Uganda. Thus, $65m (i.e. total payment of $74m less recoverable VAT of $9m) has been capitalised to intangible assets as a result. The licence takes effect from 1 July 2020 and is for a period of 20 years.

In Airtel Nigeria, the application for renewal of the spectrum licences (due to expire on 30 November 2021) in the 900MHz and 1800MHz bands have been approved for a period of ten years by the licensing authority. Under the terms of the spectrum licences Airtel Nigeria has paid $182m for licence renewal fees. The amount has been held under intangible assets under development being an advance and shall be capitalised and subsequently amortised with effect from 1 December 2021.

d) On 18 March 2021, the Group entered into an agreement, under which The Rise Fund, the global impact investing platform of leading alternative investment firm TPG, will invest $200m in Airtel Mobile Commerce BV (AMC BV), a wholly owned subsidiary of the Group, by way of purchase of a portion of AMC BV's shareholding from the Group. The transaction will close in two stages, i.e. upon receipt of $150m at first close and $50m at second close based on closing conditions defined in sale agreements. On respective closings, the Group will record a transaction with non-controlling interest in equity. Further, under the terms of the transaction, and in very limited circumstances, TPG would have the option, so as to provide liquidity to them, to sell its shares in AMC BV to Airtel Africa or its affiliates at fair market value subject to a minimum and maximum payable amount. As of 31 March 2021, there are no accounting implications under this transaction.

e) On 31 March 2021, the Group entered into an agreement under which Mastercard, will invest $100m in Airtel Mobile Commerce B.V. (AMC BV), a wholly owned subsidiary of the Group, by way of purchase of a portion of AMC BV's shareholding from the Group. The transaction will close in two stages i.e. upon receipt of $75m at first close and $25m at second close based on closing conditions defined in sale agreements. On respective closings, the Group will record transaction with non-controlling interest in equity. Further, under the terms of the transaction, and in very limited circumstances, Mastercard would have the option, so as to provide liquidity to them, to sell its shares in AMC BV to Airtel Africa or its affiliates at fair market value subject to a minimum and maximum payable amount. As of 31 March 2021, there are no accounting implications under this transaction.

f) On 23 March 2021, the Group signed two separate agreements to sell its telecommunications tower companies in Madagascar and Malawi at an aggregate consideration of $108m to Helios Towers plc under a sale and leaseback arrangement. The completion of the sale of the tower company holding 494 towers in Madagascar is considered highly probable and is only subject to conditions that are usual and customary. Consequently, the Group has classified the assets and liabilities of the Madagascar tower company as held for sale as of 31 March 2021.

The completion of the sale of company holding 735 towers in Malawi, in addition to certain customary conditions, is also subject to a non-customary condition which is beyond the Group's control. As of 31 March 2021, the Group cannot ascertain the likelihood of this condition as being highly probable and consequently has not classified the assets of the Malawian tower company as held for sale.

On the same date, the Group also entered into exclusive Memorandum of Understanding agreements with Helios for the potential sale of its tower assets in Chad and Gabon, however since no binding sale agreement has been signed between the parties, the assets are not considered as held for sale as of 31 March 2021.

On 22 February 2021, the Group signed an agreement to sell 162 towers in Rwanda to IHS Rwanda Ltd under a sale and lease back arrangement. As of 31 March 2021, the sale of such tower assets are subject only to usual and customary conditions and the sale is highly probable within the next 12 months. Consequently, the Group has classified such assets and related liabilities as held for sale.

For disclosures on the Madagascar and Rwanda assets held for sale, refer to Note 35.

6. Revenue

	For the year ended	
	31 March 2021	31 March 2020
Service revenue[1]	**3,897**	3,413
Sale of products	**11**	9
	3,908	3,422

1 During the year ended 31 March 2021, the Group recognised revenue amounting to $20m pertaining to earlier years on a cumulative catch–up basis, arising out of a settlement agreement entered with a customer in one of the Group's subsidiaries in Niger

Transaction price allocated to the remaining performance obligations

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to $135m at 31 March 2021 and $124m as of 31 March 2020 will be satisfied, respectively, within a period of next year.

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

	During the year ended	
	31 March 2021	31 March 2020
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	**124**	110

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

	31 March 2021		31 March 2020	
	Unbilled revenue	**Deferred revenue**	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	**–**	**124**	–	110
Increases due to cash received, excluding amounts recognised as revenue during the period	**–**	**135**	–	124
Transfers from unbilled revenue recognised at the beginning of the period to receivables	**37**	**–**	42	–

Reconciliation of costs to obtain or fulfil contracts with customers

	For the year ended	
	31 March 2021	31 March 2020
Costs to obtain or fulfil a contract with a customer		
Opening balance	**37**	–
Costs incurred and deferred	**72**	91
Less: Cost amortised	**(65)**	(54)
Closing balance	**44**	37

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 – the 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, Malawi, Rwanda, Tanzania, Uganda and Zambia

Francophone Africa – comprising operations in Chad, Congo B, the DRC, Gabon, Madagascar, Niger 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 donations. 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' 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-of-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.

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

6. Revenue continued

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

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2021 is as follows:

	Nigeria	East Africa	Francophone Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Voice revenue	896	649	558	0	–	2,103
Data revenue	549	354	254	–	–	1,157
Mobile money revenue[1]	0	227	74	–	–	301
Other revenue[2]	104	147	96	–	–	347
	1,549	1,377	982	0	–	3,908
Inter-segment revenue	3	4	3	–	(10)	–
Total revenue	1,552	1,381	985	0	(10)	3,908
Segment results: Underlying EBITDA	839	631	364	(30)	(12)	1,792
Less:						
Depreciation and amortisation	236	221	207	2	15	681
Finance costs						432
Finance income						(9)
Share of profit of associate						(1)
Charitable donation	1	2	1	2	–	6
Exceptional items pertaining to operating profit	–	–	(14)	–	–	(14)
Profit before tax						697
Other segment items						
Capital expenditure	275	249	88	2	–	614
As of 31 March 2021						
Segment assets	1,889	2,042	1,791	25,622	(21,352)	9,992
Segment liabilities	1,192	2,989	2,715	16,895	(17,152)	6,639
Investment in associate (included in segment assets above)	–	–	4	–	–	4

1 Intra-segment elimination of $100m adjusted with mobile money revenue. It includes $64m pertaining to East Africa and balance $36m pertaining to Francophone Africa

2 This includes messaging, value added services, enterprise, site sharing and handset sale revenue

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						
Voice revenue	848	605	522	(5)	–	1,970
Data revenue	435	307	189	–	–	930
Mobile money revenue[1]	4	157	59	–	–	220
Other revenue[2]	84	131	86	–	–	302
	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

1 Intra–segment elimination of $91m adjusted with mobile money revenue. It includes $57m pertaining to East Africa and balance $34m pertaining to Francophone Africa

2 This includes messaging, value added services, enterprise, site sharing and handset sale revenue

Geographical information disclosure on non–current assets (PPE, CWIP, ROU, intangible assets, including goodwill and intangible assets under development):

	As of	
	31 March 2021	31 March 2020
United Kingdom	**1**	1
Nigeria	**1,455**	1,142
Netherlands	**3,782**	3,891
Others	**2,363**	2,126
Total	**7,601**	7,160

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

7. Employee benefits expense

	For the year ended	
	31 March 2021	31 March 2020
Salaries and bonuses	**233**	198
Defined contribution plan cost	**13**	14
Defined benefit plan cost	**5**	1
Staff welfare expenses	**15**	13
Others	**9**	8
	275	234

Employee benefit expenses include directors' remuneration. For further information about the remuneration of individual directors refer to page 126 to 131 of director's remuneration report.

Details of year end and monthly average number of people employed by the Group during the year:

	For the year ended			
	31 March 2021		31 March 2020	
	Year end	**Average**	Year end	Average
Nigeria	**667**	**662**	649	606
East Africa	**1,211**	**1,202**	1,179	1,145
Francophone Africa	**1,156**	**1,200**	1,226	1,228
Corporate and others	**491**	**398**	309	236
Total	**3,525**	**3,462**	3,363	3,215

7.1 Share based payment plans

The following table provides an overview of all existing share option and cash-settled 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
	Performance share awards	3	3
	Restricted share awards	3	3
	One-off award	1–3	3
Cash-settled plans	Shadow stock plan	1–2	2

For IPO awards, replacement stock awards and shadow stock awards, performance share awards, restricted share awards and one–off awards vesting is subject to service, total shareholder return and financial performance conditions while for IPO share options and IPO executive share options, vesting is subject to service condition only.

The following table exhibits the net compensation expenses under the schemes:

	For the year ended	
	31 March 2021	31 March 2020
Expenses arising from equity- and cash-settled share-based payment transactions	**1**	0

The following table provides an overview of all existing share option and cash-settled plans of the company. Details of share options outstanding during the year are as follows:

	For the year ended			
	31 March 2021		31 March 2020	
	Number of share options (in '000)	Weighted average exercise price	Number of share options (in '000)	Weighted average exercise price
Replacement stock awards				
Outstanding at beginning of year	674	–	–	–
Converted from performance unit plans[1]	–	–	674	–
Granted during the year[2]	23	–	–	–
Exercised during the year[4]	(398)	–	–	–
Outstanding at the end of the year	299	–	674	–
Exercisable at the end of the year	–	–	–	–
IPO Awards				
Outstanding at beginning of year	755	–	–	–
Granted during the year[2]	28	–	755	–
Exercised during the year[4]	(217)	–	–	–
Outstanding at the end of the year	566	–	755	–
Exercisable at the end of the year	–	–	–	–
IPO share options				
Outstanding at beginning of year	3,132	1	–	–
Granted during the year	–	–	3,132	1
Outstanding at the end of the year	3,132	1	3,132	1
Exercisable at the end of the year	1,044	1	–	–
IPO executive share options				
Outstanding at beginning of year	11,881	1	–	–
Granted during the year	–	–	12,517	1
Forfeited during the year[3]	(1,287)	–	(636)	–
Outstanding at the end of the year	10,594	1	11,881	1
Exercisable at the end of the year	3,531	1	–	–
Shadow stock plan				
Outstanding at beginning of year	1,843	–	–	–
Converted from performance unit plans[1]	–	–	2,276	–
Granted during the year[2]	111	–	–	–
Exercised during the year	(1,199)	–	–	–
Forfeited during the year[3]	(67)	–	(433)	–
Outstanding at the end of the year	688	–	1,843	–
Exercisable at the end of the year	–	–	–	–
Performance share awards				
Outstanding at beginning of year	–	–	–	–
Granted during the year	1,373	–	–	–
Outstanding at the end of the year	1,373	–	–	–
Exercisable at the end of the year	–	–	–	–
Restricted share awards				
Outstanding at beginning of year	–	–	–	–
Granted during the year	633	–	–	–
Outstanding at the end of the year	633	–	–	–
Exercisable at the end of the year	–	–	–	–
One-off award				
Outstanding at beginning of year	–	–	–	–
Granted during the year	361	–	–	–
Outstanding at the end of the year	361	–	–	–
Exercisable at the end of the year	–	–	–	–

1 During the year ended 31 March 2020, on completion of IPO, performance unit plans were converted into shadow stock plan and replacement stock awards at an offer price of $1.01. In addition, the Group also offered new plans to some of its employees on IPO

2 Includes additional awards granted based on meeting performance conditions

3 Represents forfeitures on account of employees not meeting service or performance conditions

4 For the share options exercised during the year ended 31 March 2021 the share price at exercise date 1 June 2020 and 4 June 2020 is 48 cents and 61 cents, respectively

7. Employee benefits expense continued

Performance unit plans do not exist as of 31 March 2020.The movement is as below:

	For the year ended	
	31 March 2021	31 March 2020
	Number of share options (in '000)	Number of share options (in '000)
Performance unit plans (PUP)[1]		
Outstanding at beginning of year	**–**	1,130
Granted	**–**	–
Exercised	**–**	(407)
Forfeited/Expired	**–**	(102)
Converted into shadow stock plan[2]	**–**	(479)
Converted into replacement stock awards[2]	**–**	(142)
Outstanding at end of year	**–**	–
Exercisable at end of year	**–**	–

1 Performance unit plans (PUP) do not have any exercisable units as at 31 March 2021 and 31 March 2020

2 On IPO, the PUPs were replaced with 'shadow stock plan' and 'replacement stock awards' at an offer price of $1.01

The total carrying value of cash-settled share based compensation liability is $1m and $1m as of 31 March 2021 and 2020, respectively.

The fair value of options is measured using the 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 which are granted during the year are given in the below table:

	As of	
	31 March 2021	31 March 2020
Risk free interest rates	**0.23%**	0.12% to 0.69%
Expected life	**3.00**	0.67 to 6.46
Volatility	**35.59%**	26.46% to 34.43%
Dividend yield	**5.36%**	10.00%
Share price on the date of grant	**0.80**	0.91 to 0.96
Fair value	**0.68 to 0.72**	0.00 to 0.98

The expected life of the stock options is based on the company'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 for the share options are as follows:

	As of	
Existing plans	**31 March 2021**	31 March 2020
Remaining contractual life for the options outstanding as of (years)	**0 to 8**	1 to 9

7.2 Employee benefits

The details of significant employee benefits (included within provisions) are as follows (for details on employee benefit plans refer to Note 2.17):

	For the year ended 31 March 2021				For the year ended 31 March 2020			
	Retirement benefits	**Severance benefits**	**Compensated absences**	**Total**	Retirement benefits	Severance benefits	Compensated absences	Total
Obligation:								
Balance as at beginning of the year	**10**	**3**	**8**	**21**	9	4	7	20
Current service cost	**1**	**0**	**2**	**3**	1	0	3	4
Interest cost	**1**	**0**	**1**	**2**	1	0	1	2
Benefits paid	**(0)**	**(5)**	**(1)**	**(6)**	(0)	(1)	(3)	(4)
Past service cost and (gains)/loss on settlement	**(0)**	**4**	**(0)**	**4**	0	–	0	0
Remeasurements	**0**	**0**	**0**	**0**	(1)	(0)	0	(1)
Exchange differences	**0**	**0**	**(0)**	**0**	(0)	(0)	(0)	(0)
Present value of employee benefit obligation	**12**	**2**	**10**	**24**	10	3	8	21
Liability recognised in the balance sheet	**12**	**2**	**10**	**24**	10	3	8	21
Current portion	**2**	**0**	**4**	**6**	2	1	3	6
Non-current portion	**10**	**2**	**6**	**18**	8	2	5	15

Amount recognised in other comprehensive income for the above plans

	For the year ended	
	31 March 2021	31 March 2020
(Loss)/gain from change in experience assumptions	**(0)**	1
Gain from change in demographic assumptions	**0**	0
Loss from change in financial assumptions	**(0)**	(0)
Remeasurements on liability	**(0)**	1

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The financial and demographic assumptions used to determine defined benefit obligations are as follows:

	As of	
	31 March 2021	31 March 2020
Discount rate	**8.15% to 15.75%**	7.70% to 16.00%
Rate of return on plan assets	**NA**	NA
Rate of salary increase	**3.01% to 6.00%**	2.34% to 6.00%
Rate of attrition	**7.65% to 12.32%**	5.57% to 11.00%
Retirement age	**59 to 60 years**	59 to 60 years
Mortality rate	**CIMA F**	CIMA F

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

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

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					
		As of 31 March 2021			As of 31 March 2020		
		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)
Withdrawl rate	+1.00%	**(1)**	**1**	**0**	(0)	1	1
	–1.00%	**0**	**(1)**	**(1)**	0	(1)	(1)

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 that changes in some of the assumptions may be correlated.

The table below summarises the maturity profile and duration of the defined benefits plan liability (retirement and severance benefits) on an undiscounted basis:

	As of	
	31 March 2021	31 March 2020
Within one year	**2**	3
Within one-three years	**4**	1
Within three-five years	**4**	6
Above five years	**17**	11
	27	21
Weighted average duration in years	**7**	7

8. Other operating expenses

Other operating expenses mainly includes the following:

	For the year ended	
	31 March 2021	31 March 2020
Cost of sales[1]	**167**	130
Repairs and maintenance	**31**	38
Charitable donations	**6**	5
Inventories recognised as an expense	**15**	11

1 Cost of sales mainly includes mobile money distribution and gateway charges

8.1 Auditor's remuneration

The total remuneration of the Group's auditor, Deloitte and other component audit firms, for services provided to the Group during the year ended 31 March 2021 and 2020, respectively, is analysed below (in US$ thousands):

	For the year ended	
	31 March 2021	31 March 2020
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts[1]	**2,907**	1,958
Fees payable to the company's auditor and their associates for the audit of the company's subsidiaries	**1,649**	2,125
Total audit fees post-IPO	**4,556**	4,083
Total audit fees	**4,556**	4,083
Non-audit services		
Fees payable to the company's auditor associates for accountant's report on IPO of Airtel Malawi Limited	**–**	38
Fees payable to the company's auditor associates for quarterly assurance services performed by component teams	**1,109**	946
Fees payable to the company's auditors for quarterly review procedures performed by Deloitte UK for the purposes of Airtel Afirca plc	**–**	544
Fees payable to the company's auditors for half yearly review procedures performed by Deloitte UK for the purposes of Airtel Afirca plc	**320**	379
Post-IPO non-audit services	**1,429**	1,907
Fees payable to the company's auditor for other services to the Group – Airtel Africa IPO related costs[2]	**–**	2,464
Pre-IPO non-audit services	**–**	2,464
Total non-audit fees	**1,429**	4,371
Total fees	**5,985**	8,454

1 March 2021 fees includes additional fees of $423,800 arising from completion of the March 2020 audit relating to Covid-19

2 For the year ended 31 March 2020, these costs were incurred from the Group raising equity through an initial public offering and were charged against equity

9. Depreciation and amortisation

	For the year ended	
	31 March 2021	31 March 2020
Depreciation	**572**	549
Amortisation	**109**	83
	681	632

10. Finance costs and income

	For the year ended	
	31 March 2021	31 March 2020
Finance costs		
Interest on borrowings and other financial liabilities	**170**	172
Interest on lease liabilities	**136**	127
Net exchange loss	**93**	110
Bank charges, corporate guarantee fees and commitment fees	**25**	27
Net loss on derivative financial instruments	**8**	–
Other finance charges	**0**	4
	432	440
Finance income		
Interest income on deposits	**9**	29
Net gain on derivative financial instruments	**–**	38
	9	67

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

11. Exceptional items

Underlying profit before tax excludes the following exceptional items:

	For the year ended	
	31 March 2021	31 March 2020
Profit before tax	**697**	598
Add: Exceptional items		
– Service revenues[1]	**(20)**	–
– Employee resctructuring[2]	**6**	–
– Reversal of indemnities[3]	**–**	(72)
– Network modernisation[4]	**–**	27
– Deferment of customer acquisition cost[5]	**–**	(27)
– Share issue and IPO related expenses[6]	**–**	7
	(14)	(65)
Underlying profit before tax	**683**	533

1 Represents recognition of revenue pertaining to earlier years on a cumulative catch-up basis, arising out of a settlement agreement entered with a customer in one of the Group's subsidiaries in Niger

2 Comprises the cost of employee restructuring completed during the year ended 31 March 2021 in one of the Group's subsidiaries, including settlement of severance pay defined benefit plans

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

4 This relates to the accelerated depreciation which arose on non–usable uninstalled equipment as part of the modernisation programme. This specific programme started in 2017 and was completed during the year ended 31 March 2020

5 Represents the impact relating to previous periods of $27m on deferment of customer acquisition costs following reassessment of expected average customer life

6 Includes equity issuance related expenses under IPO of the company including cost and fair value changes of derivatives taken for IPO proceeds and equity issuance related expenses of rights issue in a subsidiary, Congo B

Underlying profit after tax excludes the following exceptional items:

	For the year ended	
	31 March 2021	31 March 2020
Profit after tax	**415**	408
– Exceptional items (as above)	**(14)**	(65)
– Tax on above exceptional items	**–**	4
– Deferred tax asset recognition[1,2]	**(36)**	(51)
	(50)	(112)
Underlying profit after tax	**365**	296

1 During the year ended 31 March 2021, the Group recognised deferred tax assets in Airtel Tanzania. Airtel Tanzania has carried forward losses and temporary differences on which deferred tax was not recognised in the past. Considering that Airtel Tanzania has been in continuous and cumulative profits and on the basis of likely timing and the level of future taxable profits, the Group has determined that it is now probable that taxable profits will be available against which the tax losses and temporary differences can be utilised in the foreseeable future. Consequently, the deferred tax asset recognition criteria are met, leading to recognition of $36m during the year ended 31 March 2021. Also refer to Note 3.1

2 During the year ended 31 March 2020, the Group recognised deferred tax assets in Airtel DRC on meeting the recognition criteria

Profit attributable to non–controlling interests include benefit of $19m and $3m during the year ended 31 March 2021 and 2020, respectively, relating to the above exceptional items.

12. Income tax

The major components of the income tax expense are:

	For the year ended	
	31 March 2021	31 March 2020
Current income tax		
– For the year	**238**	200
– Adjustments for prior periods	**4**	(24)
	242	176
Deferred tax		
– Origination and reversal of temporary differences	**114**	55
– Write down of deferred tax due to inadequate future taxable profits	**3**	17
– Recognition of deferred tax on tax losses and temporary differences	**(76)**	(58)
– Adjustments for prior periods	**(1)**	–
	40	14
Income tax expense	**282**	190

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 2021	31 March 2020
Profit before tax as shown in the consolidated income statement	**697**	598
Blended tax rate[1]	**33.4%**	32.2%
Tax expense at the Group's blended tax rate	**233**	192
Effect of:		
Tax on dividend & undistributed retained earnings of subsidiaries	**44**	22
Deferred tax triggered during the year[2]	**(44)**	(58)
Deferred tax recognised on projected profitability[3]	**(32)**	–
Items for which no deferred tax asset recognised	**54**	30
Withholding taxes on group management fees/Irrecoverable withholding taxes	**13**	11
Minimum alternate tax for which no credit is allowed	**9**	6
Expenses (net) not taxable/deductible	**2**	9
Adjustment in respect of previous years	**(7)**	(24)
Settlement of various disputes	**10**	3
Other tax[4]	**(0)**	(1)
Income tax expense	**282**	190

1 Blended tax rate has been derived by applying the following formula:

Profit/(loss) before tax for each entity * Respective statutory tax rate/Consolidated profit before tax

For effective tax rate, refer to alternative performance measures on pages 67 to 71

2 For the year ended 31 March 2021, $44m of deferred tax asset (DTA) was recognised on brought forward tax losses for Airtel Tanzania due to continued improvement in profitability. Out of $44m of deferred tax, $36m was recognised under exceptional items for the initial recognition of DTA arising on account of the next five years of forecasted profitability. Remaining $8m pertains to DTA recognised considering the forecasted profitability of FY 2026

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 Airtel DRC due to continued improvement in profitability

3 Incremental deferred tax recognised during the year for $32m in the DRC based on forecasted profitability

4 Other tax majorly includes deferred tax gain on fair valuation of property, plant and equipment and intangible assets of $9m offset by unwinding of DTA in Tanzania for $5m and other taxes in Nigeria for $4m mainly on account of deferred tax gain unwinding on lease liabilities

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

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 2021	31 March 2020
Deferred tax assets (net)		
a) Deferred tax asset arising out of		
Provision for Impairment of trade receivables/advances	**25**	29
Carried forward losses	**229**	243
Deferred revenue	**4**	4
Fair valuation of financial instruments and exchange differences	**89**	60
Depreciation/amortisation on PPE/intangible assets	**24**	28
Deferred tax asset on fair valuation of PPE/intangible	**8**	6
Employee benefits	**7**	3
Provision for inventories	**5**	5
Others	**5**	4
b) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	**(0)**	(1)
Depreciation/amortisation on PPE/intangible assets	**(80)**	(47)
Transfer to asset held for sale	**(2)**	–
Others	**0**	0
	314	333

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

	As of	
	31 March 2021	31 March 2020
Deferred tax liabilities (net)		
a) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	**(0)**	0
Depreciation/amortisation on PPE/intangible assets	**(37)**	(38)
Deferred tax on fair valuation of PPE/intangible	**–**	(22)
Others	**(2)**	(0)
Deferred tax liability on retained earnings	**(48)**	(18)
b) Deferred tax asset arising out of		
Provision for Impairment of trade receivables/advances	**1**	4
Carried forward losses	**2**	3
Fair valuation of financial instruments and exchange differences	**2**	2
Depreciation/amortisation on PPE/intangible assets	**0**	–
Employee benefits	**0**	–
Provision for inventories	**1**	–
Others	**0**	(0)
	(81)	(69)

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 2021	31 March 2020
Net deferred tax asset/(liability) reflected in the statement of financial position		
Deferred tax asset	**314**	333
Deferred tax liabilities	**(81)**	(69)

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

	As of	
	31 March 2021	31 March 2020
Deferred tax expenses/(benefit)		
Provision for Impairment of trade receivables/advances	**8**	16
Carried forward losses	**7**	44
Fair valuation of financial instruments and exchange differences	**(29)**	(32)
Depreciation/amortisation on PPE/intangible assets	**34**	(7)
Deferred revenue	**(0)**	(1)
Deferred tax on fair valuation of PPE/intangible	**(8)**	(13)
Employee benefits	**(4)**	(3)
Provision for inventories	**(1)**	(5)
Undistributed retained earnings	**32**	17
Others	**1**	(2)
	40	14

The movement in deferred tax assets and liabilities from prior year end is as follows:

	As of	
	31 March 2021	31 March 2020
Opening balance	**264**	313
Tax (expense)/credit recognised in statement of profit and loss	**(40)**	(14)
Translation adjustment recognised in other comprehensive loss and others	**9**	(35)
Closing balance	**233**	264

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 $1,491m and $1,835m as of 31 March 2021 and 31 March 2020, 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 33%, 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 2021	31 March 2020
Expiring within five years	**541**	1,050
Expiring beyond five years	**124**	267
Unlimited	**826**	518
	1,491	1,835

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

	As of	
	31 March 2021	31 March 2020
Expiring within five years	**8**	33
Expiring beyond five years	**1**	1
Unlimited	**764**	841
	773	875

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 $32m and $61m as of 31 March 2021 and 31 March 2020, respectively.
The distribution of the unremitted retained earnings is expected to attract a tax in range of 5% to 20% depending on the tax rate applicable as of 31 March 2021 in the jurisdiction in which the respective Group entity operates.

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

12. Income tax continued

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 subjected 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 is 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 2021	31 March 2020
Profit for the year attributable to owners of the company	**339**	370
Weighted average ordinary shares outstanding for basic EPS[1]	**3,757,550,081**	3,585,634,531
Basic EPS	**9.0c**	10.3c

1 During the year ended 31 March 2020, the company as part of its IPO issued 676,406,927 shares

The details used in the computation of diluted EPS:

	For the year ended	
	31 March 2021	31 March 2020
Profit for the year attributable to owners of the company	**339**	370
Weighted average ordinary shares outstanding for diluted EPS[1,2,3]	**3,759,122,452**	3,586,678,328
Diluted EPS	**9.0c**	10.3c

1 The difference between the basic and diluted number of shares at the end of March 2021 being 1,572,371 (March 2020: 1,150,280) relates to awards committed but not yet issued under the Group's share-based payment schemes

2 Refer to Note 27 for details on the ordinary share movements as part of the initial public offering (IPO) process during the year ended 31 March 2020

3 Deferred shares have not been considered for EPS computation as they do not have the right to participate in profits

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 2021 and 31 March 2020:

	Leasehold improvements	Building	Land	Plant and equipment[2]	Furniture and fixture	Vehicles	Office equipment	Computer equipment	Total	Capital work in progress[3]
Gross carrying value										
Balance as of 1 April 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
Additions/capitalisation	**1**	**1**	**0**	**648**	**14**	**0**	**9**	**26**	**699**	**611**
Disposals/adjustments[1]	**(1)**	**(0)**	**(0)**	**(32)**	**(1)**	**(0)**	**(0)**	**(0)**	**(34)**	**(696)**
Transferred to assets held for sale	**–**	**–**	**–**	**(77)**	**–**	**0**	**–**	**(0)**	**(77)**	**(0)**
Exchange differences	**0**	**(2)**	**1**	**(89)**	**(1)**	**0**	**(1)**	**(11)**	**(103)**	**(8)**
Balance as of 31 March 2021	**50**	**46**	**27**	**2,858**	**37**	**24**	**45**	**676**	**3,763**	**166**
Accumulated depreciation										
Balance as of 1 April 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	–
Charge	**2**	**3**	**0**	**341**	**6**	**1**	**9**	**27**	**389**	**–**
Disposals/adjustments[1]	**(0)**	**(0)**	**0**	**(28)**	**(0)**	**(1)**	**(0)**	**1**	**(28)**	**–**
Transferred to assets held for sale	**–**	**–**	**–**	**(58)**	**–**	**(0)**	**–**	**(0)**	**(58)**	**–**
Exchange differences	**0**	**(1)**	**(0)**	**(41)**	**(0)**	**0**	**(1)**	**(9)**	**(52)**	**–**
Balance as of 31 March 2021	**44**	**17**	**1**	**936**	**15**	**22**	**27**	**635**	**1,697**	**–**
Net carrying value										
As of 1 April 2019	9	39	28	1,451	10	2	15	43	1,597	367
As of 31 March 2020	8	32	25	1,686	16	2	18	45	1,832	259
As of 31 March 2021	**6**	**29**	**26**	**1,922**	**22**	**2**	**18**	**41**	**2,066**	**166**

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 $50m and $4m as of 31 March 2021 and 2020, 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 of 31 March 2021 and 2020 mainly pertains to plant and equipment

(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 2021 and 2020:

		Other intangible assets				
	Goodwill	Software	Licences (including spectrum)[2]	Others	Total	Intangibles under development
Gross carrying value						
Balance as of 1 April 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
Additions/capitalisation	**–**	**–**	**212**	**–**	**212**	**366**
Transferred to assets held for sale	**–**	**–**	**0**	**–**	**0**	**–**
Disposals/adjustments[1]	**–**	**(2)**	**2**	**(1)**	**(1)**	**(212)**
Exchange differences	**(108)**	**(0)**	**(13)**	**(0)**	**(13)**	**(7)**
Balance as of 31 March 2021	**3,835**	**3**	**936**	**24**	**963**	**177**
Accumulated amortisation						
Balance as of 1 April 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	–
Charge	**–**	**–**	**108**	**1**	**109**	**–**
Transferred to assets held for sale	**–**	**–**	**–**	**–**	**–**	**–**
Disposals/adjustments[1]	**–**	**(2)**	**(0)**	**(1)**	**(3)**	**–**
Exchange differences	**–**	**(0)**	**(10)**	**(0)**	**(10)**	**–**
Balance as of 31 March 2021	**–**	**3**	**379**	**23**	**405**	**–**
Net carrying value						
As of 1 April 2019	4,126	–	346	3	349	70
As of 31 March 2020	3,943	–	454	2	456	30
As of 31 March 2021	**3,835**	**–**	**557**	**1**	**558**	**177**

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

2 During the year, the Group has capitalised deferred spectrum licence payments, for which the Group is under an obligation for payment till the expiry of the licence period. Consequently, intangible assets have been recognised at the present value of such payments with a corresponding liability. The balances of comparative periods have not been restated considering that such amounts are not material to the Group

Weighted average remaining amortisation period of licence as of 31 March 2021 and 2020 is 9.90 years and 8.46 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	**1,298**	1,373
East Africa	**1,821**	1,853
Francophone Africa	**716**	717
	3,835	3,943

The Group tests goodwill for impairment annually on 31 December. The carrying value of goodwill as of 31 December 2020 was $1,349m, $1,836m and $730m for Nigeria, East Africa and Francophone Africa, respectively. 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 the Board.

The Group operates in emerging markets which are underpenetrated when compared to developed markets. In such emerging markets, short-term plans (for example, five years) are not indicative of the long-term future prospects and performance of the Group. Considering this, the life of the Group's regulatory licences and network assets, which are at an average of ten years, and the potential opportunities of the emerging African telecom sector, which is mostly a two-three player market with lower smartphone penetration, the Group has adopted a ten-year plan for the purpose of internal forecasts and impairment testing. Accordingly, the Board approved that this planning horizon reflects the assumptions for medium to long-term market developments, appropriately covers market dynamics of emerging markets and better reflects the expected performance in the markets in which the Group operates.

While using the ten-year plan, the Group also considers external market data to support the assumptions used in such plans, which is generally available only for the first five years. Considering the degree of availability of external market data beyond year five, the Group has performed sensitivity analysis to assess the impact on impairment of using a five-year plan. The results of this sensitivity analysis demonstrate that the initial five-year plan with appropriate changes including long-term growth rates applied at the end of this period does not result in any impairment and does not impact the headroom by more than 6% in any of the group of CGUs as compared to the headroom using the ten-year plan. In performing this sensitivity, the Group has changed the long-term growth rate for Nigeria from 2.51% to 4.51% while retaining the long-term growth rates for the other group of CGUs. The change in Nigerian long-term growth rate is aligned to the level of penetration and growth opportunities in the Nigerian telecom market towards the expiry of the five-year period and is in line with our view of combined growth over years six to ten and after ten years. Further, the Group is confident that projections for years six to ten are reliable and can demonstrate its ability, based on past experience, to forecast cash flows accurately over a longer period. Accordingly, the Board has approved and the Group continues to follow a consistent policy of using an initial forecast period of ten years for the purpose of impairment testing.

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.

The inputs used in performing the impairment assessment at 31 December 2020 were as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate	22.45%	14.82%	14.25%
Capital expenditure[1]	8%–19%	6%–17%	5%–10%
Long-term growth rate	2.51%	5.11%	3.70%

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

At 31 December 2020, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs.

The key assumptions in performing the impairment assessment are as follows:

Assumptions	Basis of assumptions
Discount rate	Discount rate reflects the market assessment of the risks specific to the group of CGUs and are estimated based on the weighted average cost of capital for each respective group of CGUs. Following the onset of the Covid-19 outbreak, the Group had 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 a ten-year period. At 31 December 2020, this significant market volatility has reduced and management have reverted to using a spot rate.
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.
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 internal/external sources of information.

At 31 December 2020, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs. The results of the impairment tests using these rates show that the recoverable amount exceeds the carrying amount by $1,719m for Nigeria (69%), $4,811m for East Africa (155%) and $1,811m for Francophone Africa (107%). The Group therefore concluded that no impairment was required to the goodwill held against each group of CGUs.

- **Sensitivity in discount rate and capital expenditure**

Management believes that no reasonably possible change in any of the key assumptions would cause the difference between the carrying value and recoverable amount for any cash-generating unit to be materially different from the recoverable value in the base case. The table below sets out the breakeven pre-tax discount rate for each group of CGUs, which will result in the recoverable amount being equal with the carrying amount for each group of CGU's:

	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate	33.28%	29.04%	26.32%

The table below presents the increase in isolation in capital expenditure as a percentage of revenue which will result in equating the recoverable amount with the carrying amount for each group of CGUs:

	Nigeria	East Africa	Francophone Africa
Capital expenditure	6.81%	13.94%	9.86%

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

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

15. Intangible assets continued

Impairment assessment for the year ended 31 March 2020:

During the year ended 31 March 2020, the Group performed impairment assessment as of31 December 2019 and updated at 31 March 2020.

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

	Nigeria	East Africa	Francophone Africa
Pre-tax discount Rate	23.00%	15.30%	14.30%

Following the outbreak of the Covid-19 pandemic, the Group's impairment tests and sensitivity analysis were updated at 31 March 2020 for currency 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.

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**

During the year ended March 2020, 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.

The Group had 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 had concluded that in determining the discount rate at 31 March 2020, using spot country risk premiums would not have given 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, considerations were given to average country risk premiums at December 2019, March 2020 and subsequent to March 2020, which in the Group's view, better reflected the risks associated with cash flows over ten years and beyond. The rates adopted by the Group in the 31 March 2020 impairment assessment, taking into account these average country risk premiums, were as follows:

	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 exceeded 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 group of CGUs.

- **Reasonably possible change in discount rate and other assumptions for the year ended 31 March 2020**

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 – breakeven	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. Assessed as of 31 March 2020, 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).

- **Reasonably possible change in other assumptions for the year ended 31 March 2020**

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

	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 associate

The Group's interests in associate are accounted for using the equity method. The details (principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct/indirect) held by the Group) of associate are set out in Note 36.

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

	As of	
	31 March 2021	31 March 2020
Investment in associate	**4**	3
	4	3

The amount recognised in the income statement is as follows:

	For the year ended	
	31 March 2021	31 March 2020
Recognised in profit and loss		
Share of profit of associate	**(1)**	(0)
	(1)	(0)

17. Derivative financial instruments

	As of	
	31 March 2021	31 March 2020
Assets		
Currency swaps, forward and option contracts	**13**	9
Interest swaps	**–**	1
	13	10
Liabilities		
Currency swaps, forward and option contracts	**10**	4
Interest swaps	**2**	0
Embedded derivatives	**1**	3
	13	7
Non-current derivative financial assets	**6**	0
Current derivative financial assets	**6**	10
Non-current derivative financial liabilities	**(6)**	(4)
Current derivative financial liabilities	**(7)**	(3)
	(1)	3

During the year ended 31 March 2021, the Group has entered into a cross currency swap (CCS) in one of its subsidiaries, which has been accounted for as FVTPL. On recognition, since the fair value of the CCS could neither be evidenced by a quoted price in an active market nor data from any observable markets was available, the difference between the fair value at initial recognition and the transaction price was deferred and recognised on straight line basis over the tenure of the CCS. The fair value of the CCS was determined based on a valuation report by the CCS issuer.

A reconciliation of day one aggregate difference not recognised at the beginning and end of the period and a reconciliation of changes in the balance of this difference is as follows:

	For the year ended	
	31 March 2021	31 March 2020
Opening balance	**–**	–
Difference between fair value on initital recognition and transaction price	**5**	–
Less: Aggregate difference recognised in profit and loss	**(1)**	–
Closing balance	**4**	–

Notes to consolidated financial statements continued

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

18. Security deposits

	As of	
	31 March 2021	31 March 2020
Security deposits	**11**	10
Less: allowance for impairment of security deposits	**(3)**	(3)
	8	7

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

19. Other non–financial assets

Non–current

	As of	
	31 March 2021	31 March 2020
Advances (net)[1]	**20**	23
Capital advance	**8**	–
Prepaid expenses[2]	**74**	77
Others[3]	**10**	12
	112	112

1 Advances (net) mainly include 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 $7m and $8m as of 31 March 2021 and 2020, respectively

2 Prepaid expenses mainly include prepayments 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

Current

	As of	
	31 March 2021	31 March 2020
Prepaid expenses[1]	**87**	86
Taxes recoverable[2]	**38**	39
Advances to suppliers (net)[3]	**7**	15
Others[4]	**15**	9
	147	149

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 $11m and $8m as of 31 March 2021 and 2020, respectively

4 Others mainly includes claims receivable from vendors based on contractual arrangements and employee advances net of related provision of $2m and $5m as of 31 March 2021 and 2020, respectively

20. Trade receivables

	As of	
	31 March 2021	31 March 2020
Trade receivables[1]	**297**	322
Less: allowance for impairment of trade receivables	**(184)**	(190)
	113	132

1 Refer to Note 33 for credit risk

The movement in allowances for doubtful debts is as follows:

	For the year ended	
	31 March 2021	31 March 2020
Opening balance	**190**	201
Additions	**21**	28
Reversal	**(27)**	(39)
Net addition/(reversal)	**(6)**	(11)
Closing balance	**184**	190

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 2021	31 March 2020
Balances with banks		
– On current accounts	**486**	153
– Bank deposits with original maturity of three months or less	**290**	836
Cheques on hand	**0**	0
Balance held in wallets	**36**	20
Cash on hand	**1**	1
	813	1,010

Other bank balances

	As of	
	31 March 2021	31 March 2020
Term deposits with banks	**257**	–
Margin money deposits[1]	**25**	6
Unpaid dividend	**0**	–
	282	6

1 Margin money deposits represents amount given as collateral for legal cases and/or bank guarantees for disputed matters, and deposit against derivative contracts

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

	As of	
	31 March 2021	31 March 2020
Cash and cash equivalents as per balance sheet	**813**	1,010
Balance held under mobile money trust	**440**	295
Bank overdraft	**(251)**	(218)
Cash and cash equivalents classified as held for sale (refer to Note 35)	**1**	–
	1,003	1,087

22. Financial assets – others

Current

	As of	
	31 March 2021	31 March 2020
Unbilled revenue	**43**	37
Claims recoverable	**6**	10
Interest accrued on investments/deposits	**1**	2
Others	**16**	17
	66	66

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

23. Borrowings

Non-current

	As of	
	31 March 2021	31 March 2020
Secured		
Term loans	**50**	0
Less: Current portion (A)	**(50)**	(0)
	–	0
Unsecured		
Term loans	**544**	522
Non- convertible bonds[1]	**2,403**	2,353
	2,947	2,875
Less: Current portion (B)	**(1,076)**	(429)
	1,871	2,446
	1,871	2,446
Current maturities of long-term borrowings (A + B)	**1,126**	429

Current

	As of	
	31 March 2021	31 March 2020
Secured		
Term loans	**–**	0
Bank overdraft	**–**	4
	–	4
Unsecured		
Term loans	**92**	17
Bank overdraft	**250**	214
	342	231
	342	235

1 It includes impact of fair value hedges (refer to Note 33) and debt origination costs. During the year ended 31 March 2020, the Group repaid non-convertible bonds of CHF 350m at maturity

23.1 Analysis of borrowings

The details given in Notes 23.1.1, 23.1.2 and 23.2 are gross of debt origination cost and fair valuation adjustments pertaining to Group's fair value hedges.

23.1.1 Repayment terms of borrowings

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

	As of	
	31 March 2021	31 March 2020
Within one year	**1,468**	665
Between one and two years	**680**	896
Between two and five years	**1,175**	1,528
	3,323	3,088

23.1.2 Interest rate and currency of borrowings

	Weighted average rate of interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
USD	**5.05%**	**2,063**	**411**	**1,652**
EUR	**3.31%**	**955**	**75**	**879**
XAF	**7.67%**	**98**	**–**	**98**
XOF	**7.15%**	**68**	**–**	**68**
Others	**6.02% to 15.89%**	**139**	**74**	**66**
31 March 2021		**3,323**	**560**	**2,763**
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

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 borrowing amount		
Entity	**31 March 2021**	31 March 2020	Security details
Airtel Networks Limited	**50**	–	Pledge of all fixed and floating assets
Airtel Tanzania plc	**–**	4	

All non-convertible bonds contain a negative pledge covenant whereby Bharti Airtel Limited and certain of it's 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 non-convertible bonds also contain event of default clause which gets triggered if Bharti Airtel Limited ceases to control, directly or indirectly, at least 51% of the voting power of the voting stock of BAIN in addition to other events of default which are usual and customary to such bonds.

The USD non-convertible bonds due in 2023 (2023 bonds) amounting to $505m are additionally subject to certain covenants whereby Bharti Airtel Limited and its significant subsidiaries would be restricted from incurring additional 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 in force only under certain agreed circumstances which currently do not subsist. Thus, as of the date of the authorisation of these financial statements, these covenants are under suspension, and currently not applicable.

All non-convertible bonds are guaranteed by Bharti Airtel Limited (intermediate parent entity), for detail 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 details of un-drawn credit facilities that are available to the Group.

	As of	
	31 March 2021	31 March 2020
Undrawn credit facilities	**940**	868

1 Excluding non-fund based facilities such as bank guarantees

For updated details around the committed facilities available to the Group as of the date of authorisation of financial statements, refer to Note 2.2 for going concern and Note 37 for events after the balance sheet date.

Notes to consolidated financial statements continued

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

24. Financial liabilities – others

Non-current

	As of	
	31 March 2021	31 March 2020
Deferred payment liability[1]	**77**	–
Payable against capital expediture	**11**	9
Security deposits	**2**	2
Others[2]	**1**	4
	91	15

1 Represents non-current portion of deferred spectrum liability recognised in accordance with the initial capitalisation of deferred spectrum payments and subsequent capitalisation based on satisfaction of capitalisation criteria, refer to Note 15(2)

2 For 31 March 2020, this mainly includes consideration payable to Millicom International Cellular S.A. for acquisition of Tigo Rwanda Limited

Current

	As of	
	31 March 2021	31 March 2020
Payable against capital expenditure	**302**	347
Employees payables	**46**	31
Interest accrued but not due	**50**	52
Security deposit[1]	**11**	11
Deferred payment liability[2]	**12**	–
Contingent/deferred consideration payable[3]	**–**	3
Others[4]	**27**	17
	448	461

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

2 Represents current portion of deferred spectrum liability recognised in accordance with the initial capitalisation of deferred spectrum payments and subsequent capitalisation based on satisfaction of capitalisation criteria, refer to Note 15(2)

3 For 31 March 2020, 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, non-controlling interest towards dividend and other statutory dues payable

25. Other non-financial liabilities

Non-current

	As of	
	31 March 2021	31 March 2020
Income received in advance	**24**	29
	24	29

Current

	As of	
	31 March 2021	31 March 2020
Taxes payable[1]	**146**	110
Income received in advance	**5**	5
	151	115

1 Taxes payable include value added tax, excise, withholding taxes and other taxes payable

26. Provisions

Non-current

	As of	
	31 March 2021	31 March 2020
Employee benefit obligations	**18**	16
Asset retirement obligation[1]	**7**	7
Total	**25**	23

Current

	As of	
	31 March 2021	31 March 2020
Provision for sub judice matters[2]	**59**	60
Employee benefit obligations	**6**	5
Total	**65**	65

1 The amount of future cash outflows to meet the asset retirement obligations are subject to inherent uncertainties due to limited availability of information on the amount of cost to be incurred in future

2 This includes provision for withholding taxes on interconnect and roaming charges in one of the Group's subsidiaries amounting to $21m (March 2020: $22m). Other items included are individually immaterial. 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

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

	For the year ended 31 March 2021		
	Indirect tax cases	**Legal and regulatory cases**	**Total**
Opening balance	**42**	**18**	**60**
Additions during the year[1]	**11**	**7**	**18**
Reversal during the year	**(1)**	**(1)**	**(2)**
Utilisation during the year[1]	**(12)**	**(5)**	**(17)**
Closing balance	**40**	**19**	**59**

1 Includes incremental tax provision of $6m and settlement of $10m for various tax sub judice matter in one of the Group's subsidiaries

	For the year ended 31 March 2020		
	Indirect tax cases	Legal and regulatory cases	Total
Opening balance	44	16	60
Additions during the year[1]	5	16	21
Reversal during the year	(4)	(1)	(5)
Utilisation during the year	(3)	(13)	(16)
Closing balance	42	18	60

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

For details of contingent liabilities, refer to Note 30.

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

27. Share capital

	As of	
	31 March 2021	31 March 2020
Authorised shares		
3,758,151,504 ordinary shares of $0.5 each (March 2020: 3,758,151,504)	**1,879**	1,879
3,081,744,577 deferred shares of $0.5 each (March 2020: 3,081,744,577)	**1,541**	1,541
	3,420	3,420
Issued, Subscribed and fully paid-up shares		
3,758,151,504 ordinary shares of $0.5 each (March 2020: 3,758,151,504)[1,2]	**1,879**	1,879
3,081,744,577 deferred shares of $0.5 each[1] (March 2020: 3,081,744,577)	**1,541**	1,541
	3,420	3,420

1 On 27 June 2019, the company sub-divided and converted each ordinary share of $1.0 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.(refer to terms/rights attached to these shares 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

During the year ended 31 March 2020, 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 were reduced to nil and the amount was paid to the shareholder.

Terms/rights attached to equity shares

The company has 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 $834m (as presented on page 211 in 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 ended 31 March 2020, the company reduced the amount standing to the credit of the share premium account to zero, thereby increasing its distributable reserves by $809m, pursuant to approval by the High Court in London.

b. Share premium

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

c. Other components of equity

	Foreign currency translation reserve	Cash flow hedge reserve	Share stablisation reserve	Shared-based payment reserve	Treasury shares	Total
As of 1 April 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	–	–	7	–	–	7
Employee share-based payment expenses	–	–	–	0	–	0
As of 31 March 2020	(2,259)	0	7	0	–	(2,252)
Net losses due to foreign currency translation differences	**(129)**	**–**	**–**	**–**	**–**	**(129)**
Net losses on net investments hedge	**(11)**	**–**	**–**	**–**	**–**	**(11)**
Purchase of own shares	**–**	**–**	**–**	**–**	**(4)**	**(4)**
Employee share-based payment expenses	**–**	**–**	**–**	**0**	**0**	**0**
As of 31 March 2021	**(2,399)**	**–**	**7**	**0**	**(4)**	**(2,396)**

Treasury shares

Details of movement in treasury shares:

	For the year ended			
	31 March 2021		31 March 2020	
	Number of shares	**Amount**	Number of shares	Amount
Opening balance	**–**	**–**	–	–
Purchased during the year	**4,314,288**	**4**	–	–
Excercised during the year	**(614,674)**	**(0)**	–	–
Closing balance	**3,699,614**	**4**	–	–

28.1 Dividends

	For the year ended	
	31 March 2021	31 March 2020
Distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2020 of 3 cents per share (2019: nil)	**113**	–
Interim dividend for the year ended 31 March 2021 of 1.5 cents per share (2020: 3 cents)	**56**	113
	169	113
Proposed dividend for the year ended 31 March 2021 of 2.5 cents per share (2020: 3 cents)	**94**	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 ordinary shareholders on the Register of members on 25 June 2021. The payment of this dividend will not have any tax consequences for the Group.

Notes to consolidated financial statements continued

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

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 36.

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 2021	31 March 2020
Assets		
Non-current assets	**1,633**	1,415
Current assets	**180**	11
Liabilities		
Non-current liabilities	**484**	483
Current liabilities	**624**	512
Equity	**705**	431
% of ownership interest held by NCI	**8.26%**	8.26%
Accumulated NCI	**58**	36

Summarised income statement

	For the year ended	
	31 March 2021	31 March 2020
Revenue	**1,552**	1,373
Net profit	**332**	343
Other comprehensive loss	**(43)**	(94)
Total comprehensive income	**289**	249
Profit allocated to NCI	**24**	20

Summarised cash flows

	For the year ended	
	31 March 2021	31 March 2020
Net cash inflow from operating activities	**773**	730
Net cash outflow from investing activities	**(495)**	(422)
Net cash outflow from financing activities	**(120)**	(248)
Net cash inflow	**158**	60

B. Airtel Tanzania plc

Summarised financial position

	As of	
	31 March 2021	31 March 2020
Assets		
Non-current assets	**321**	234
Current assets	**150**	99
Liabilities		
Non-current liabilities	**531**	525
Current liabilities	**279**	218
Equity	**(339)**	(410)
% of ownership interest held by NCI	**49%**	49%
Accumulated NCI[1]	**(145)**	(180)

1 Includes share of goodwill of $21m (March 2020: $21m)

Summarised income statement

	For the year ended	
	31 March 2021	31 March 2020
Revenue	**283**	236
Net profit	**90**	27
Other comprehensive loss	**(3)**	(4)
Total comprehensive income	**87**	23
Profit allocated to NCI	**43**	11

Summarised cash flows

	For the year ended	
	31 March 2021	31 March 2020
Net cash inflow from operating activities	**92**	71
Net cash outflow from investing activities	**(58)**	(51)
Net cash outflow from financing activities	**(24)**	(18)
Net cash inflow	**10**	2

C. Airtel Malawi plc

Summarised financial position

	As of	
	31 March 2021	31 March 2020
Assets		
Non-current assets	**117**	126
Current assets	**46**	26
Liabilities		
Non-current liabilities	**29**	59
Current liabilities	**93**	61
Equity	**41**	32
% of ownership interest held by NCI	**20%**	20%
Accumulated NCI[1]	**52**	53

1 Includes share of goodwill of $43m (March 2020: $47m).

Summarised income statement

	For the year ended	
	31 March 2021	31 March 2020
Revenue	**153**	11
Net profit	**30**	5
Other comprehensive (loss)/income	**(3)**	0
Total comprehensive income	**27**	5
Profit allocated to NCI	**5**	1

Summarised cash flows

	For the year ended	
	31 March 2021	31 March 2020
Net cash inflow from operating activities	**79**	7
Net cash outflow from investing activities	**(38)**	(3)
Net cash outflow from financing activities	**(20)**	(2)
Net cash inflow	**21**	2

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

30. Contingent liabilities and commitments

(i) Contingent liabilities

	As of	
	31 March 2021	31 March 2020
(a) Taxes, duties and other demands (under adjudication/appeal/dispute)		
– Income tax	**23**	30
– Value added tax (1)	**30**	56
– Customs duty and excise duty	**8**	7
– Other miscellaneous demands	**9**	13
(b) Claims under legal and regulatory cases including arbitration matters (2) (3)	**87**	83
	157	189

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 2021 of $32m primarily comprises of reduction on account of revised assessment of Value added tax (VAT) and withholding tax assessment received by one of the Group's subsidiaries amounting to $23m.

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. As of 31 March 2021, the Group's contingent liabilities majorly include the following:

(1) Value added tax (VAT)

- **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 $10m is included within contingent liabilities in respect of this matter. No provision has been made against the said claim.

- **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 $9m is included within contingent liabilities in respect of this matter. No provision has been made against the said claim.

Claims under legal and regulatory cases including arbitration matters

(2) One of the subsidiaries of the Group is involved in a dispute with one of its vendors, with respect to invoices for services provided to a subsidiary under a service contract. 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 proceedings claiming a sum of approximately CFA 1.9bn (approximately $3m). Between 2015 and mid-May 2019, lower courts imposed a penalty of CFA 35bn (approximately $63m), based on which certain banks of the subsidiary were summoned to release the funds. The subsidiary lodged an immediate appeal in the Supreme Court having jurisdiction over the subsidiary for a stay of execution. On 19 June 2019, the Supreme Court granted a stay of execution. In July 2019 the Court of Appeal (in violation of the stay order and a November 2018 regional court order) issued a ruling condemning the subsidiary to pay the said penalty. The subsidiary appealed to the Supreme Court and applied for a stay of execution by challenging the merits of the ruling of the Court of Appeal. In September 2019, the Supreme Court issued a stay of execution against the July 2019 ruling of the Court of Appeal. 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. On 2 June 2020, the Supreme Court issued a stay order, allowing the subsidiary to prevent seizure of its bank accounts that had been re-activated by the vendor on the basis of the 22 April 2020 CCJA decision. On 19 June 2020, the vendor filed another application with CCJA challenging the stay order granted in favor of the subsidiary by the Supreme Court on 2 June 2020. The subsidiary filed its statement of defence on 9 October 2020 against the application filed by the vendor on 19 June 2020 with CCJA, arguing as preliminary objection on jurisdiction of the Court. On 26 November 2020 CCJA issued an order annulling the order of 2 June 2020 and asking the subsidiary to pay the vendor. Separately, on 15 December 2020 the subsidiary initiated criminal proceedings against the vendor for fraud and deceitful conduct.

On 12 February 2021 the investigating judge refused to charge vendor for fraudulent acts, which resulted in new seizures being attempted by the vendor. The subsidiary filed an appeal on 18 February 2021. On 2 April 2021, the Commercial Court declared the notice of seizure null and void and ordered the lift of seizure of 16 February 2021.

As per the law no civil action can be initiated against the subsidiary while criminal proceedings are ongoing. The Group still awaits the Supreme Court ruling on the merits of the case, and until that time has disclosed this matter as a Contingent Liability for $63m (included in the closing contingent liability). No provision has been made against the said claim.

(3) One of the subsidiaries of the Group is involved in a dispute with one of its distributors, with respect to alleged unpaid commissions, bonuses and benefits, totaling approximately $12m, over a period of around 11 years of its business relationship with the subsidiary. In March 2012, the distributor filed a claim against the subsidiary in the High Court. On 4 October 2016, the High Court ruled against the subsidiary and ordered to pay the claimed amount of approximately $12m to the distributor. On 5 October 2016, the subsidiary filed an appeal in the Court of Appeal against the order of the High Court, which on 24 July 2020 was ruled against the subsidiary. On 7 August 2020, the subsidiary filed an appeal against the decision of the Court of Appeal, in the Supreme Court. Record of appeal has been transmitted to the Supreme Court and briefs of argument are currently being prepared.

Despite the strength of the subsidiary's line of defence, as both the High Court and Court of Appeal have ruled against the subsidiary, it is appropriate to disclose this matter as contingent liability for $12m, pending the decision of the Supreme Court. No provision has been made against the said claim.

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 which are immaterial individually.

Guarantees:

Guarantees outstanding as of 31 March 2021 and 31 March 2020 amounting to $12m and $10m, 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 $232m and $234m as of 31 March 2021 and 31 March 2020, respectively.

31. Leases

(a) As a lessee

Right-of-use assets

2020-21	Plant and equipment	Others	Total
Balance at 1 April 2020	**617**	**22**	**639**
Additions (net)	**298**	**61**	**359**
Transferred to assets of disposal group classified as held for sale	**(5)**	**–**	**(5)**
Depreciation charge for the year	**(172)**	**(11)**	**(183)**
Foreign currency translation reserve	**(14)**	**3**	**(11)**
Balance at 31 March 2021	**724**	**75**	**799**

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

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

31. Leases continued

Lease liabilities

	As of	
	31 March 2021	31 March 2020
Maturity analysis:		
Less than one year	**396**	316
Later than one year but not later than two years	**348**	300
Later than two years but not later than five years	**721**	778
Later than five years but not later than nine years	**177**	165
Later than nine years	**48**	10
Total undiscounted lease liabilities	**1,690**	1,569
Lease liabilities included in the statement of financial position	**1,277**	1,169

Amounts recognised in profit or loss

	For the year ended	
	31 March 2021	31 March 2020
Interest on lease liabilities	**136**	127

i. Plant and equipment

The Group leases passive infrastructure for providing telecommunications 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 etc. services. These leases typically run for a period of 3 to 15 years. Some leases include an option to extend the lease mainly for an additional period of 3 to 10 years after the end of initial contract term based on renegotiation of lease rentals. Extension options are only included in the lease term if the lease is reasonably certain to be extended. 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 (Plant and Equipment). Lease income from such arrangements is presented as revenue in the statement of comprehensive income.

	For the year ended	
	31 March 2021	31 March 2020
Operating lease		
Lease income recognised in profit or loss	**37**	38

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

	As of	
	31 March 2021	31 March 2020
Less than one year	**34**	34
One to two years	**21**	24
Two to three years	**5**	19
Three to four years	**4**	5
Four to five years	**4**	4
More than five years	**2**	19
Total	**70**	105

32. Related Party disclosure

(a) List of related parties

i. Parent company

Airtel Africa Mauritius Limited

ii. Intermediate parent entities

Network i2i Limited
Bharti Airtel Limited
Bharti Telecom 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 and associate refer to Note 36.

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
Singapore Telecommunication Limited

vi. Key Management Personnel (KMP)

a. Executive director

Raghunath Venkateswarlu Mandava

b. Non-executive directors

Sunil Bharti Mittal
Awuneba Ajumogobia (since April 2019)
Douglas Baillie (since April 2019)
John Danilovich (since April 2019)
Andrew Green (since April 2019)
Akhil Gupta
Shravin Bharti Mittal
Annika Poutiainen (since April 2019)
Ravi Rajagopal (since April 2019)
Arthur Lang (till October 2020)
Kelly Bayer Rosmarin (since October 2020)

c. Others

Segun Ogunsanya
Ian Ferrao (since September 2019)
Michael Foley (since February 2020)
Jaideep Paul
Razvan Ungureanu
Luc Serviant (since December 2019)
Daddy Mukadi
Neelesh Singh
Ramakrishna Lella
Olivier Pognon
Rogany Ramiah (since May 2019)
Stephen Nthenge (since May 2019)
Vimal Kumar Ambat (since February 2021)
Ashish Malhotra (since October 2020)
Vinny Puri (since March 2021)

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

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 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 2021 and 2020, respectively, are described below.

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

	For the year ended									
	31 March 2021					31 March 2020				
Relationship	**Parent company**	**Inter-mediate parent entity**	**Fellow subsi-diaries**	**Associates**	**Other related parties**	Parent company	Inter-mediate parent entity	Fellow subsi-diaries	Associates	Other related parties
Sale/rendering of services	**–**	**6**	**66**	**–**	**1**	–	8	84	–	0
Purchase/receiving of services	**–**	**17**	**52**	**1**	**0**	–	26	64	1	0
Rent and other charges	**–**	**1**	**–**	**–**	**–**	–	1	–	–	–
Guarantee and collateral fee paid	**–**	**10**	**–**	**–**	**–**	–	11	–	–	–
Purchase of assets	**–**	**0**	**0**	**–**	**–**	–	–	9	–	–
Dividend Paid	**95**	**–**	**–**	**–**	**–**	63	–	–	–	–

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

Relationship	**Parent company**	**Intermediate parent entity**	**Fellow subsidiaries**	**Associate**	**Other related parties**
As of 31 March 2021					
Trade payables	**–**	**9**	**29**	**1**	**2**
Trade receivables	**–**	**3**	**37**	**–**	**3**
Corporate guarantee fee payable	**–**	**2**	**–**	**–**	**–**
Guarantees and collaterals taken (including performance guarantees)	**–**	**7,056**	**–**	**–**	**–**
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	–	–	–

Key management compensation (KMP)

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. For the Group, these include executive committee members. Fuller disclosures on directors' remuneration are set out in the directors' remuneration report on pages 124 to 138. Remuneration to KMP were as follows:

	For the year ended	
	31 March 2021	31 March 2020
Short-term employee benefits	**8**	7
Performance-linked incentive	**3**	2
Share-based payment	**1**	0
Other long-term benefits	**4**	2
Other awards	**1**	2
	17	13

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, cash, deposits, trade and other receivables. 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 and Risk Committee. The Group's Finance Committee constituted during the year ended 31 March 2020, is primarily responsible for matters including framing of policies and execution procedures as well as laying down the risk framework mechanisms for the treasury function that will help the company to achieve its strategic financial goals, balancing opportunity, 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 the Group policies and the 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.

Details of key risks applicable to the Group 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.

- **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 dollars with parties of other countries and strategic vendor purchases are in US dollars. 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 the Board as per established risk management policy or higher as considered appropriate and whenever necessary.

This 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

	As of	
	31 March 2021	31 March 2020
Currency exchange risk hedged	–	CHF to USD[1]
Nominal amount of hedging instruments	–	CHF 350m
Maturity date	–	March2020
Weighted average forward price	–	1 CHF: 1.12 USD
Carrying value of derivative instruments (liabilities)	–	–
Change in fair value during the year		
Hedged item	–	(26)
Hedging instrument	–	26
CFHR for continuing hedge (cumulative)	–	–
Hedging loss recognised during the year	–	–
Gain reclassification during the year to P&L	–	2

1 During the year ended 31 March 2020, Bharti Airtel International (Netherlands) B.V., a subsidiary of the company, redeemed CHF 350m bonds on maturity. Consequently, the cash flow hedges on these bonds have been discontinued

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

33. Financial risk management objectives and policies continued

Net investment hedge

	As of	
	31 March 2021	31 March 2020
Currency exchange risk hedged	**EUR to USD**	EUR to USD
Nominal amount of hedging instruments (borrowings)	**€160m**	€160m
Maturity date	**May 2021**	May 2021
Nominal value of hedging instruments (borrowings)	**188**	177
Change in fair value during the year		
Hedged item	**11**	(5)
Hedging instrument	**(11)**	5
FCTR gain for continuing hedge (cumulative)	**409**	420
Hedging (loss)/gain recognised during the year	**(11)**	5

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 as of 31 March 2021 and 31 March 2020, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the amount of monetary assets and liabilities due to the impact of change in foreign exchange rates including foreign currency derivatives. The impact on the 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 operation and other foreign currency monetary items designated as a hedge of the net investment in foreign operations or our cash flow hedges.

	Change in currency exchange rate	**Effect on profit before tax**	**Effect on equity (OCI)**
For the year ended 31 March 2021			
USD	**+5%**	**80**	**63**
	-5%	**(80)**	**(63)**
EUR	**+5%**	**34**	**10**
	-5%	**(34)**	**(10)**
For the year ended 31 March 2020			
USD	+5%	81	61
	-5%	(81)	(61)
EUR	+5%	36	9
	-5%	(36)	(9)

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 interest-bearing debt obligations with floating interest rates. Further, the Group engages in financing activities which are dependent on market rates and 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. The management also maintains a portfolio mix of floating and fixed rate debt. As of 31 March 2021 after taking into account the effect of interest rate swaps, approximately 83% of the Group's borrowings are at a fixed rate of interest (31 March 2020 – 86%).

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

	As of	
	31 March 2021	31 March 2020
Interest rate risk covered for currency	**–**	USD, m
Nominal amount of hedging instruments	**–**	$1,200.[1]
Maturity date[2]		
Carrying value of hedging instruments (derivative assets)	**–**	–
Carrying value of hedging instruments (derivative liabilities)	**–**	–
Carrying value of hedged item (borrowings)	**–**	–
Change in fair value during the year		
Hedged item	**–**	(37)
Hedging instrument	**–**	38
Hedge ineffectiveness recognised in finance income/cost during the year	**–**	1
Cumulative change in fair value of hedged item	**–**	–
Unamortised portion of fair value hedge adjustment	**(21)**	(27)

1 The derivatives designated for fair value hedges have been cancelled

2 These instruments carried semi-annual payouts

Key sources of ineffectiveness in fair value hedges include reduction in amount of borrowings, changes in terms/cancellation of IRS contracts and significant changes in credit risk of either party to the hedging relationship.

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 floating rate portion of loans and borrowings after considering the impact of interest rate swaps, wherever applicable, based on the outstanding amount of such borrowings as of 31 March 2021 and 31 March 2020.

Interest rate sensitivity	**Increase '+'/ decrease '–' in basis points**	**Effect on profit before tax[1]**
For the year ended 31 March 2021		
USD borrowings	**+100**	**4**
	-100	**(4)**
Other currency borrowings	**+100**	**1**
	-100	**(1)**
For the year ended 31 March 2020		
USD borrowings	+100	4
	-100	(4)
Other currency borrowings	+100	0
	-100	(0)

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 counter party 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 bank balances, derivative financial instruments and other financial receivables.

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 independent credit rating of the customers is not 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 14-30 days.

The Group uses an age-based provision policy to measure the expected credit loss of trade receivables, which comprise a very large number of small balances. Refer to Note 20 for details on the impairment of trade receivables.

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

33. Financial risk management objectives and policies continued

Based on the industry practices and the business environment in which the Group 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 gross trade receivables based on the Group's provision policy:

		Past due				
	Not past due	Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total
Trade receivables as of 31 March 2021	**18**	**31**	**13**	**9**	**226**	**297**
Trade receivables as of 31 March 2020	21	34	17	11	239	322

The gross carrying amount of the trade receivable 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 trade receivable 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.

Other 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, counterparties of the Group's other receivables carry either negligible or very minimal credit risk. Further, the Group reviews the credit-worthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an on-going 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 on borrowings and going concern, refer to Notes 23 and 2.2, respectively.

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

	As of 31 March 2021						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings[1]	**3,389**	**133**	**1,170**	**217**	**896**	**1,251**	**3,667**
Lease liabilities[2]	**1,277**	**–**	**229**	**168**	**348**	**945**	**1,690**
Financial derivatives	**13**	**–**	**6**	**1**	**3**	**3**	**13**
Other financial liabilities	**489**	**–**	**392**	**12**	**20**	**122**	**546**
Trade payables	**366**	**–**	**366**	**–**	**–**	**–**	**366**
Mobile money wallet balance	**432**	**432**	**–**	**–**	**–**	**–**	**432**
	5,966	**565**	**2,163**	**398**	**1,267**	**2,321**	**6,714**

	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

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:

	Statement of cash flow line items	1 April 2020	Cash flow	Non-cash movements: Interest and other finance charges	Foreign exchange loss/ (gain)	Lease liability additions	Fair value changes	Foreign currency translation reserve	Liabilities of disposal group classified as held for sale	Others	31 March 2021
Borrowings[1]	Proceeds/repayment of borrowings	2,892	**142**	**–**	**64**	**–**	**(6)**	**(3)**	**–**	**0**	**3,089**
Lease liability	Repayment of lease liability	1,169	**(343)**	**136**	**–**	**330**	**–**	**(8)**	**(7)**	**–**	**1,277**
Derivative assets net	Proceeds/repayment of borrowings	–	**(3)**	**–**	**3**	**–**	**–**	**–**	**–**	**–**	**–**
Interest accrue but not due	Interest and other finance charges paid	52	**(181)**	**170**	**–**	**–**	**–**	**9**	**–**	**–**	**50**

	Statement of cash flow line items	1 April 2019	Cash flow	Non-cash movements: 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 liability	1,218	(307)	127	–	153	–	(22)	–	1,169
Derivative assets net	Proceeds/repayment of borrowings	(11)	97	–	(86)	–	–	–	–	–
Interest accrued but not due	Interest and other finance charges paid	56	(200)	196	–	–	–	–	–	52

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 in the objectives, policies or processes during the year ended 31 March 2021 and 2020.

The Group monitors capital using a leverage ratio, which is net debt divided by underlying EBITDA. Net debt is calculated as total of borrowings and lease liabilities less cash and cash equivalents, term deposits with banks, processing costs related to borrowings and fair value hedge adjustments.

	For the year ended 31 March 2021	For the year ended 31 March 2020
Borrowings and lease liabilities	**4,616**	4,279
Adjusted for:		
Cash and cash equivalents (refer to Note 21)	**(813)**	(1,010)
Term deposits with banks (refer to Note 21)	**(257)**	–
Processing costs related to borrowings	**5**	5
Fair value hedge adjustment (refer to Note 33)	**(21)**	(27)
Net debt	**3,530**	3,247
Underlying EBITDA	**1,792**	1,515
Underlying EBITDA	**1,792**	1,515
Leverage ratio	**2.0**	2.1

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

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 2021	31 March 2020	**31 March 2021**	31 March 2020
Financial assets					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**12**	9	**12**	9
– Currency swaps and interest rate swaps	Level 2	**0**	2	**0**	2
– Cross currency swaps	Level 3	**1**	–	**1**	–
Investments	Level 2	**0**	0	**0**	0
Amortised cost					
Security deposits		**8**	7	**8**	7
Trade receivables		**113**	132	**113**	132
Cash and cash equivalents		**813**	1,010	**813**	1,010
Other bank balances		**282**	6	**282**	6
Balance held under mobile money trust		**440**	295	**440**	295
Other financial assets		**75**	67	**75**	67
		1,744	1,528	**1,744**	1,528
Financial liabilities					
FVTPL					
Derivatives					
– Forward and option contracts	Level 2	**6**	4	**6**	4
– Currency swaps and interest rate swaps	Level 2	**2**	0	**2**	0
– Cross currency swaps	Level 3	**3**	–	**3**	–
– Embedded derivatives	Level 2	**1**	3	**1**	3
Amortised cost					
Borrowings – fixed rate	Level 1	**2,403**	2,353	**2,479**	2,274
Borrowings – fixed rate	Level 2	**100**	48	**98**	48
Borrowings – floating rate		**836**	710	**836**	710
Trade payables		**366**	416	**366**	416
Mobile money wallet balance		**432**	292	**432**	292
Other financial liabilities		**539**	476	**539**	476
		4,688	4,302	**4,762**	4,223

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, and
- 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 do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable.

During the year ended 31 March 2021 and year ended 31 March 2020 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 fair value measurements.

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 2021 and 31 March 2020:

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 2021	31 March 2020
Opening Balance	**–**	64
Issuance[1]	**–**	–
Recognised in finance costs in profit and loss[2]	**(3)**	–
Reversal in retained earnings[3]	**–**	(64)
Closing balance	**(3)**	–

1 The Group during the year has entered into a Cross Currency Swap (CCS) in one of its subsidiaries, which has been accounted for as FVTPL. The fair value of CCS has been estimated based on the contractual terms of the CCS and parameters such as interest rates, foreign exchange rates etc. Since, the data from any observable markets in respect of interest rates is not available, the interest rates are considered to be significant unobservable inputs to the valuation of this CCS

2 These amounts represent the amounts recognised in the financial statements during the period. For reconciliation of amount not recognised as per the requirement of IFRS 9, refer to Note 17

3 As at 1 April 2019, as part of issue of equity shares to global investors, the Group had committed indemnities (derivative liabilities) pertaining to acquisition of non-controlling interest in the Group's operations in Nigeria and Congo B. 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 non-controlling interest adjustments were varied such that the obligations existing until such date were assumed by the parent of the company. Consequently, these derivative liabilities amounting to $64m were reversed

35. Assets and liabilities held for sale

As described under Note 5(f), assets and liabilities of disposal groups held for sale at 31 March 2021 relate to our telecommunication tower subsidiary in Madagascar (part of Francophone Africa segment) and 162 towers and related liabilities in Rwanda (part of East Africa segment). The disposals do not meet the definition of a discontinued operation per IFRS 5.

For these disposals, the Group has agreed a selling price with the prospective purchaser which is used as the fair value for the impairment test and the same is classified as Level 3 on the fair value hierarchy. The disposals are expected to result in profits and therefore no impairment has been recognised on classification as held for sale.

The disposal groups were stated at their carrying values and comprised the following assets and liabilities:

	For the year ended	
	31 March 2021	31 March 2020
Assets of disposal group classified as held for sale		
Property, plant and equipment	**19**	–
Capital work-in-progress	**0**	–
Right of use assets	**5**	–
Income tax assets	**0**	–
Deferred tax assets	**2**	–
Trade receivables	**0**	–
Cash and cash equivalents	**1**	–
Loans and security deposits	**0**	–
Other current assets	**4**	–
	31	–
Liabilities of disposal group classified as held for sale		
Lease liabilities	**7**	–
Provisions	**1**	–
Deferred tax liabilities	**1**	–
Trade payables	**2**	–
Other current liabilities	**8**	–
	19	–

The cumulative other comprehensive loss relating to the disposal group classified as held for sale is $4m.

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

36. Companies in the Group and associate

Information of the 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 2021	31 March 2020
1	Africa Towers N.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	–	100
2	Airtel (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, the 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	**100**	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 S2 lot II J 1 AA, Morarano Alarobia – 101 Antananarivo – Madagascar	Telecommunication services	Ordinary	**100**	100
8	Airtel Malawi plc	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Telecommunication services	Ordinary	**80**	80
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, The Netherlands	Investment company	Ordinary	**100**	100
12	Airtel Mobile Commerce (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, the 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, The Netherlands	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 S2 lot II J 1 AA, Morarano Alarobia – 101 Antananarivo – 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

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 2021	31 March 2020
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**	91.74
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.	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
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**	51
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**	91.74
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	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**	51
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

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

36. Companies in the group 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 2021**	31 March 2020
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
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	**100**	97.95
69	Indian Ocean Telecom Limited	28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands	Investment company	Ordinary	**100**	100

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 2021	31 March 2020
70	Madagascar Towers S.A.	Immeuble S2 lot II J 1 AA, Morarano Alarobia – 101 Antananarivo – 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
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[2]	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**	51
77	Airtel Africa Services (UK) Limited	53/54 Grosvenor Street, London W1K 3HU, United Kingdom	Support services	Ordinary	**100**	–
78	Airtel Digital Services Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
79	Airtel Mobile Commerce DRC B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
80	Airtel Mobile Commerce Gabon B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
81	Airtel Mobile Commerce Niger B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment company	Ordinary	**100**	–
82	Airtel Money Kenya Limited	Parkside Towers, Mombasa Road, P. O. Box 73146 – 00200 – City Square	Mobile commerce services	Ordinary	**100**	–

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

2 Under dissolution as of 31 March 2021

Details of associates:

S. no.	Name of associates	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest[1] % As of 31 March 2021	31 March 2020
1	Seychelles Cable Systems Company Limited	Caravelle House, 3rd floor, Victoria, Mahe, the Seychelles	Submarine cable system	Ordinary	**26**	26

37. Events after the balance sheet date

No subsequent events or transactions have occurred since the date of 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 2021 except as disclosed below:

- On 20 April 2021, the Group has entered into inaugural multi-bank long-term facility amounting to $500m
- The Board recommended a final dividend of 2.5 cents per share on 11 May 2021

Company statement of financial position

(All amounts are in US$ thousands)

		As of	
	Notes	**31 March 2021**	31 March 2020
Assets			
Non-current assets			
Property, plant and equipment		**235**	96
Capital work-in-progress		**41**	112
Right of use assets		**584**	775
Investment in subsidiary undertakings	4	**3,533,231**	3,533,231
Other non-current assets		**540**	708
Financial assets			
– Loan receivables	5	**14,129**	98,500
– Others		**16**	–
		3,548,776	3,633,422
Current assets			
Financial assets			
– Cash and cash equivalents	6	**471,925**	802,952
– Other bank balances	6	**236,000**	–
– Others		**3,872**	1,787
Other current assets		**670**	477
		712,467	805,216
Total assets		**4,261,243**	4,438,638
Current liabilities			
Financial liabilities			
– Lease liabilities		**289**	173
– Trade and other payables	7	**3,262**	1,128
		3,551	1,301
Net current assets/(liabilities)		**708,916**	803,915
Non-current liabilities			
Financial liabilities			
– Lease liabilities		**433**	612
– Others		**38**	23
		471	635
Total liabilities		**4,022**	1,936
Net Assets		**4,257,221**	4,436,702
Equity			
Share capital	8	**3,419,948**	3,419,948
Retained earnings[1]		**833,836**	1,009,303
Other reserves[2]		**3,437**	7,451
Equity attributable to owners of the company		**4,257,221**	4,436,702

1 The loss for the financial year dealt with in the financial statements of the company is $6,310 (March 2020: profit of $382,562)

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 150 to 209 were approved by the Board of directors and authorised for issue on 11 May 2021. They were signed on its behalf by:

Raghunath Mandava
Chief executive officer

11 May 2021

Company statements of changes in equity

(All amounts are in US$ thousands)

	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 1 April 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	–	–	–	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[3]	–	–	–	64,000	–	–	64,000
Court approved reduction in share premium[3]	–	–	(808,994)	808,994	–	–	–
Dividend to owners of the company	–	–	–	(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
Loss for the year	–	–	–	(6,310)	–	–	(6,310)
Total comprehensive loss		**–**	**–**	**(6,310)**	**–**	**–**	**(6,310)**
Employee share-based payment expenses	**–**	**–**	**–**	**(40)**	**–**	**459**	**419**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(4,473)**	**(4,473)**
Dividend to owners of the company[4]	**–**	**–**	**–**	**(169,117)**	**–**	**–**	**(169,117)**
As of 31 March 2021	**6,839,896,081**	**3,419,948**	**–**	**833,836**	**258**	**3,179**	**4,257,221**

1 Refer to Note 27 (1) of the consolidated financial statements

2 Refer to Note 27 (2) of the consolidated financial statements

3 Refer to Note 28 (a) of the consolidated financial statements

4 Refer to Note 5 of the 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 company only financial statements are reported in United States dollars, with all values rounded to the nearest thousands (USD 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
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-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 the following additional policies which are relevant to the company only financial statements:

- 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 investments in subsidiaries are reviewed for indicators of impairment. As of 31 March 2021, the market capitalisation of the company was marginally lower than the carrying value of net assets which as per IAS 36 is one of the indicators of impairment. However, management on the basis of impairment test performed on goodwill in consolidated financial statements has concluded that there was no impairment loss on company's investments in subsidiaries or other assets for the year ended 31 March 2021. For details of key sources of estimation uncertainty in relation to such test, refer to Note 15 of the consolidated financial statements.

3. Employee expenses

The average monthly number of employees during the year was nine (March 2020: six)

	For the year ended	
	31 March 2021	31 March 2020
Salaries	**1,219**	1,262
Bonuses	**574**	132
Share-based payment expense	**–**	51
Others	**19**	92
	1,812	1,537

4. Investment in subsidiary undertakings

	As of	
	31 March 2021	31 March 2020
Cost		
Opening balance	**3,533,231**	3,532,758
Additions	**–**	473
Carrying cost at 31 March	**3,533,231**	3,533,231
Bharti Airtel International (Netherlands) B.V.	**3,532,758**	3,532,758
Airtel International LLP	**473**	473

During the year ended 31 March 2020, the company made investment amounting to $473,000 by way of initial capital contribution in Airtel International LLP, domiciled in India.

For details of subsidiary undertakings, refer to Note 36 of the consolidated financial statements.

5. Loan receivables

	As of	
	31 March 2021	31 March 2020
Opening balance	**98,500**	–
Additions	**64,939**	98,500
Repayment	**(149,310)**	–
Balance at 31 March	**14,129**	98,500
Bharti Airtel International (Netherlands) B.V.	**14,129**	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 USD.

6. Cash and bank balances

Cash and cash equivalents

	As of	
	31 March 2021	31 March 2020
Cash at bank in current accounts	**321,925**	2,952
Bank deposits with original maturity of three months or less	**150,000**	800,000
	471,925	802,952

Other bank balances

	As of	
	31 March 2021	31 March 2020
Term deposits with banks	**236,000**	–
	236,000	–

7. Trade and other payables

	As of	
	31 March 2021	31 March 2020
Employees bonuses payable	**364**	177
Legal and professional expenses payable[1]	**2,882**	791
Dividend payable	**16**	–
Administrative and other payable[2]	**–**	160
	3,262	1,128

1 The auditor's remuneration for the current year in respect of audit and audit-related services was $38,000 (March 2020: $47,000)

2 For the year ended 31 March 2020, it includes wages tax payable amounting to $160,000

8. Share capital

Refer to Note 27 of the consolidated financial statements.

9. Related party disclosure

Refer to Note 32 of the consolidated financial statements.

Forward-looking statements

This document contains certain forward-looking statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

These statements are often, but not always, made through the use of words or phrases such as 'believe,' 'anticipate,' 'could,' 'may,' 'would,' 'should,' 'intend,' 'plan,' 'potential,' 'predict,' 'will,' 'expect,' 'estimate,' 'project,' 'positioned,' 'strategy,' 'outlook', 'target' and similar expressions.

It is believed that the expectations reflected in this document are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this communication.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; changes in domestic or international tax laws and rates; adverse litigation and dispute outcomes and the effect of such outcomes on Airtel Africa's financial condition; changes or differences in domestic or international economic or political conditions; the ability to obtain price increases and the impact of price increases on consumer affordability thresholds; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; translational and transactional foreign exchange rate exposure; the impact of serious injury, illness or death in the workplace; the ability to maintain credit ratings; the ability to develop, produce or market new alternative products and to do so profitably; the ability to effectively implement strategic initiatives and actions taken to increase sales growth; the ability to enhance cash generation and pay dividends and changes in the market position, businesses, financial condition, results of operations or prospects of Airtel Africa.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements contained in this document reflect the knowledge and information available to Airtel Africa at the date of preparation of this document and Airtel Africa undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

No statement in this communication is intended to be, nor should be construed as, a profit forecast or a profit estimate and no statement in this communication should be interpreted to mean that earnings per share of Airtel Africa plc for the current or any future financial periods would necessarily match, exceed or be lower than the historical published earnings per share of Airtel Africa plc.

Financial data included in this document are presented in US dollars rounded to the nearest million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. The percentages included in the tables throughout the document are based on numbers calculated to the nearest $1,000 and therefore minor rounding differences may result in the tables. Growth metrics are provided on a constant currency basis unless otherwise stated. The Group has presented certain financial information on a constant currency basis. This is calculated by translating the results for the current financial year and prior financial year at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group. Growth rates for business and product segments are provided in constant currency as this better represents the underlying performance of the business.