

AIRTEL MOBILE COMMERCE RWANDA LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

AIRTEL MOBILE COMMERCE RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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AIRTEL MOBILE COMMERCE RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION

DIRECTORS

The directors who served during the year and to the date of this report were:

Name	Role	Nationality	Date of appointment/resignation
Mr. Alok Bafna*	Chairman	Indian	Appointed 12 February 2018
Mr. Amit Chawla*	Director	Indian	Appointed 4 September 2018

*Executive Director

PRINCIPAL PLACE OF
BUSINESS AND
REGISTERED OFFICE

Airtel Mobile Commerce Rwanda Limited
Remera, Gasabo
P.O. Box 4164
Kigali
Rwanda

AUDITORS

Nambiar Associates
Certified Public Accountants
2nd Floor, Rwanda Foam Building
Muhima, BP 4715
Kigali, Rwanda

BANKERS

Bank of Kigali PLC P.O. Box 175 Kigali, Rwanda	I&M Bank Rwanda Limited P.O. Box 354 Kigali, Rwanda
Equity Bank Rwanda PLC P.O. Box 494 Kigali, Rwanda	KCB Bank Rwanda PLC P.O. Box 5620 Kigali, Rwanda
Urwego Opportunity Bank Rwanda PLC P.O. Box 748 Kigali, Rwanda	Ecobank Rwanda PLC P.O. Box 3268 Kigali, Rwanda
Access Bank Rwanda Limited PLC P.O. Box 2059 Kigali Rwanda	Banque Populaire du Rwanda (BPR) PLC P.O. Box 1348 Kigali, Rwanda
Cogebanque Bank PLC P.O. Box 5230 Kigali, Rwanda	

SECRETARY

Mr. Shema Baker
C/O Airtel Rwanda Limited
P.O. Box 4164
Kigali
Rwanda

AIRTEL MOBILE COMMERCE RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTOR'S REPORT

The directors submit their report on the affairs of the company together with the financial statements and the auditor's report for the year ended 31 December 2020.

1. PRINCIPAL ACTIVITIES

The principal activity of the company is to hold the funds in the Airtel Money infrastructure in trust, for Airtel Money E-Value account holders. There is no deviation in principal activities in 2020. The payment services license was issued to Airtel Mobile Commerce Rwanda Limited while the operations were run under Airtel Rwanda limited due to the pending separation for which clarification and approval was sought from central Bank. The approval has been received subsequently in March, 2021 and the Airtel Money operation has been segregated with effect from April 1, 2021.

2. RESULTS

The company did not engage in trading activities during the year hence nil profits (2019: nil).

3. DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 1.

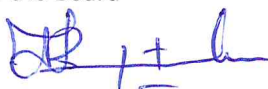
4. AUDITORS

Nambiar Associates were appointed during the year in accordance with Law No. 17/2018 of 13/04/2018 governing companies in Rwanda.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved at a meeting of the Directors held on
28/05/2021.

By Order of the Board



Company Secretary

28th / 05 / 2021

AIRTEL MOBILE COMMERCE RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Law No. 17/2018 of 13/04/2018 governing companies requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Law No. 17/2018 of 13/04/2018 governing companies, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Rwanda Law No. 17/2018 of 13/04/2018 governing companies.

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



Director

Date: 29/5/2021 2021



Director



**INDEPENDENT AUDITORS' REPORT TO
THE DIRECTORS OF AIRTEL MOBILE COMMERCE RWANDA LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audit 7 to 20, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Institute of Certified Public Accountants of Rwanda Code of ethics (ICPAR Code of Ethics), which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code), together with other ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The directors are responsible for the other information, which comprises the report of directors. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



NAMBIAR ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Report on other legal and regulatory requirements

As required by Article 132 of the Law No 17/2018 of 13/04/2018 governing companies, we report to you based on our audit that:

- i. We have obtained all information and explanations which, to the best of our knowledge, was required for our audit;
- ii. Based on our audit, we have not identified any reason to believe that proper accounting records have not been kept;
- iii. We have no relationship, interests and debt in the company;
- iv. We have reported to the directors and management in the form of a separate management letter, internal control and other weaknesses identified during the audit and our recommendations for improvement;
- v. In our opinion, according to the best of the information and the explanations given to us as shown by the accounting and other documents of the company, the annual accounts comply with Article 123 of this Law regarding the requirement for individual annual accounts.

For Nambiar Associates


N.R. Raghavan Nambiar
Partner

Signed at Kigali on.....28/05..... 2021

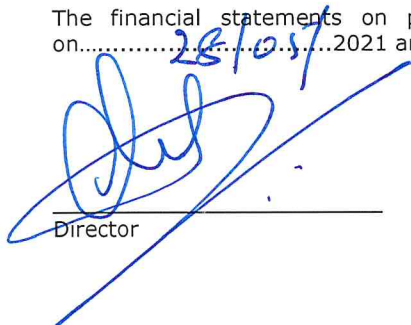
AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF PROFIT OR LOSS
All amounts are in thousands of Rwf

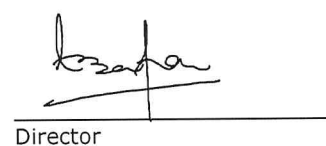
	For the year ended 31 December	
Note	2020	2019
Income	-	-
Operating expense	<u>-</u>	<u>-</u>
Profit / (loss) before taxation	-	-
Tax (credit) / expense	-	-
Profit / (loss) for the year	<u>-</u>	<u>-</u>

AIRTEL MOBILE COMMERCE RWANDA LIMITED
 STATEMENT OF FINANCIAL POSITION
 All amounts are in thousands of Rwf

	Notes	As of 31 December	
		2020	2019
CURRENT ASSETS			
Amounts due from related party	4	-	-
Cash in trust bank accounts	5	4,804,611	4,553,921
Other cash & cash equivalents	5	290,105	10,000
TOTAL ASSETS		5,094,716	4,563,921
EQUITY AND LIABILITIES			
EQUITY			
Paid up share capital	6	200,000	10,000
CURRENT LIABILITIES			
Amount due to related party	4	90,105	-
<i>E-Value liability</i>			
E-Value due to related party	7	45,593	67,355
E-Value due to other E-Value holders	7	4,759,018	4,486,566
		4,894,716	4,553,921
TOTAL EQUITY AND LIABILITIES		5,094,716	4,563,921

The financial statements on pages 7 to 20 were approved by the Board of Directors on.....2021 and signed on its behalf by:


 Director


 Director

AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF CHANGES IN EQUITY
All amounts are in thousands of Rwf

Ordinary Share Capital	Amount
<u>Year ended 31 December 2019</u>	
Balance at 01 January 2019	10,000
Issued during the year	<u>-</u>
Balance at 31 December 2019	<u><u>10,000</u></u>
<u>Year ended 31 December 2020</u>	
Balance at 01 January 2020	10,000
Issued during the year	<u>190,000</u>
Balance at 31 December 2020	<u><u>200,000</u></u>

AIRTEL MOBILE COMMERCE RWANDA LIMITED
 STATEMENT OF CASH FLOWS
 All amounts are in thousands of Rwf

	For the year ended 31 December	
Note	2020	2019
Cash flows from operating activities		
Profit/Loss before tax	-	-
<u>Changes in working capital</u>		
(Decrease)/ increase in amount due to E-Value holders	318,046	(1,748,909)
(Decrease)/ Increase in amount due to related party	22,749	(310,433)
Net cash used in operating activities	<u>340,795</u>	<u>(2,059,342)</u>
Cash flows from financing activities:		
Issue of share capital	190,000	-
Net (decrease)/increase in cash in trust banks and cash & cash equivalents	530,795	(2,059,342)
Cash in trust banks and cash & cash equivalents at the beginning of the year	4,563,921	6,623,263
Cash in trust banks and cash & cash equivalents at the end of the year	5 5,094,716	4,563,921

AIRTEL MOBILE COMMERCE RWANDA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

Airtel Mobile Commerce Rwanda Limited is a limited liability company registered and domiciled in Rwanda and licensed under the Law no 17/2018 of 13/04/2018 governing companies in Rwanda. The Company was incorporated on 22 February 2013 and it is owned by Airtel Mobile Commerce B.V with 100% of the shares in the company.

The step up parent of the company is Airtel Africa Plc (formerly known as Airtel Africa Limited) which is listed on the London Stock Exchange. The step up parent of Airtel Africa Plc is Bharti Airtel Limited.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amendments to IFRS that are mandatorily effective for the current year

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

2.2 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective.

The Directors are in the process of evaluating the potential effect of these standards and interpretation on the financial statements of the Company when effective.

2.3 Early adoption of standards

The Company did not early adopt any new or amended standards for the year ended 31 December 2020.

3. ACCOUNTING POLICIES

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies were consistently applied during the year, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Rwandan Franc (Rwf), which is the company's functional currency, and all values are rounded to the nearest franc (Rwf '000), except when otherwise indicated.

Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Law No. 17/2018 of 13/04/2018 governing the companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES (continued)

Significant accounting policies

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The company does not hold any assets of its own and therefore did not apply any estimates or impairment of assets.

a) Income recognition

Currently the company does not engage in any activities that generate any form of revenue.

b) Payables and accruals

Payables and accruals being short term in nature are carried at cost as the effect of computing interest is considered to be insignificant.

c) Retirement benefit costs

Currently the company operates solely under the Airtel Rwanda Limited's infrastructure and does not have staff of its own. All staff relates cost are paid by Airtel Rwanda Limited.

d) Cash in trust banks and cash & equivalents

Cash in trust banks and other cash & cash equivalents in the statement of financial position comprise cash at banks held on behalf of e-value account holders including customers, distributors, amount due to related party and cash from paid up share capital.

For the purpose of the statement the cash flows, cash in trust banks and other cash & cash equivalents consist of cash and cash equivalents as defined above.

e) Financial Instruments

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and cash equivalents, trade and other receivables, due from related parties, and loan to a related party.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as above in line with IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and other operating expenses for receivables. There are no loans and advances carried at fair value through the profit or loss during the year.

De-recognition

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

- The rights to receive cash flows from the asset have expired,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - the Company has transferred substantially all the risks and rewards of the asset, or
 - the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

(ii) Impairment of financial assets

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

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

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdraft, shareholders' loan, and due to related parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Offsetting of financial instruments

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

f) Taxation

No taxes were accrued for in the year as the company did not engage in trading activities during the year.

g) Statement of cash flows

Cash flows are reported using the indirect method as per IAS-7 "Statement of cash flows", whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferral or accrual of past or future cash operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

h) 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 Company's accounting policies require measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements. The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The three levels of the fair-value-hierarchy are described below:

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

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

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

3. ACCOUNTING POLICIES (continued)

i) Share capital

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

j) Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

k) Common Control Transaction

Business Combinations arising from transfers of interest in entities that are under the common control are accounted at historical cost. The difference between any consideration paid /received and the aggregate historical carrying amounts of assets and liabilities of the interest acquired / disposed is recorded in retained earnings.

l) 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 and disclosed only where an inflow of economic benefits is probable.

Critical judgments in applying the entity's accounting policies

In the process of applying the company's accounting policies, management did not make significant judgments in determining the classification of financial assets and liabilities.

The company does not hold any assets of its own and therefore did not apply any estimates or impairment of assets.

AIRTEL MOBILE COMMERCE RWANDA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	31 December 2020 RWF'000	31 December 2019 RWF'000
4. RELATED PARTY TRANSACTIONS AND BALANCES		
a. Amounts due from Airtel Rwanda limited	<u>-</u>	<u>-</u>
b. Amounts due to Airtel Rwanda Limited	<u>90,105</u>	<u>-</u>

Amounts due to Airtel Rwanda Limited is payable towards consideration received from customers from Airtel money services collected on behalf of Airtel Rwanda Limited. The amount disclosed in prior year represent e-value held by related party and has been reclassified for better presentation (refer note 15).

c. Audit fees as per (note 8) was incurred and paid by Airtel Rwanda Limited.

d) Key management compensation

Key management are not compensated for their positions on the board of Airtel Mobile Commerce Rwanda Limited and currently the company operates solely under Airtel Rwanda Limited and does not have staff of its own.

5. CASH IN TRUST BANK ACCOUNTS AND CASH & CASH EQUIVALENTS

Cash in Trust bank accounts and cash & cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

a) Cash in Trust bank accounts

Funds for customers, distributors and amount due to related party held on the Mobile financial services trust accounts. The company is not allowed to use these funds for its operating activities.

	31 December 2020 RWF'000	31 December 2019 RWF'000
Cash in trust banks	4,804,611	4,553,921
b) Cash and cash equivalent		
Cash from paid up share capital	200,000	10,000
Cash collected on behalf of Airtel money operations	90,105	-
	<u>5,094,716</u>	<u>4,563,921</u>

Cash and cash equivalents represent the unrestricted cash owned by the company relating to share capital paid up during the year and cash generated from Airtel Money Operations payable to Airtel Rwanda Limited.

AIRTEL MOBILE COMMERCE RWANDA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5. CASH IN TRUST BANK ACCOUNTS AND CASH & CASH EQUIVALENTS (Continued)

The operation bank accounts in I&M Bank and Bank of Kigali, opened in the name of Airtel mobile Commerce Rwanda Limited was earlier shown in financial statements of Airtel Rwanda limited as at 31 December 2019 (Balance as at 31 December 2019: Rwf 50,436,833), has now been transferred and shown in financial statements of Airtel Mobile Commerce Rwanda Limited as at 31 December 2020 (Balance as at 31 December 2020: Rwf 290,105,219).

Trust Bank account with Equity bank (Balance as at 31 December 2020: 657,446,461 and as at 31 December 2019: 1,113,452,543) shown in financial statements of Airtel Mobile Commerce Rwanda Limited, was in name of Airtel Rwanda Limited as per the bank records which has been corrected subsequently in March 2021, to Airtel Mobile Commerce Rwanda Limited.

6. SHARE CAPITAL

	31 December 2020 RWF'000	31 December 2019 RWF'000
Authorised:		
2000 ordinary shares of Rwf 100,000 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
As on 1 January	10,000	10,000
Issued during the Year (1900 Shares of Rwf 100,000 each)	<u>190,000</u>	<u>-</u>
As on 31 December	<u>200,000</u>	<u>10,000</u>

The authorized Share capital was increased by 1900 Shares of Rwf 100,000 each by passing shareholder resolution in July 2019 which was issued and fully paid up in June 2020.

	31 December 2020 RWF'000	31 December 2019 RWF'000
7. DUE TO E-VALUE HOLDERS		
E-Value due to related party	45,593	67,355
E-Value due to other E-Value holders	4,759,018	4,486,566
E-value amount in circulation	<u>4,804,611</u>	<u>4,553,921</u>

The amount disclosed in prior year includes e-value held by related party and has been reclassified for better presentation (refer note 15).

8. OPERATING EXPENSES

Audit fees	4,761	7,998
Incurred by Airtel Rwanda Limited	<u>(4,761)</u>	<u>(7,998)</u>

Audit fees are accrued and reimbursed from Airtel Rwanda Limited. All other operating expenses (if any) billed to Airtel Mobile commerce Rwanda Limited by the vendors are accrued and paid by Airtel Rwanda Limited.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise cash in Trust bank accounts, receivables and payables from/to related parties. These instruments arise directly from its trust operations. The company does not speculate or trade in derivative financial instruments.

The company's activities expose it operational risk. The directors review and agree policies for managing these risks.

The directors have overall responsibility for the establishment and oversight of the company's risk management framework. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

(i) Foreign Exchange Risk

Foreign exchange risk arises from future investment transactions on recognized assets and liabilities. The company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. All gains or losses on changes in currency exchange rates are accounted for in profit or loss. Foreign exchange risk is not applicable to the activity of the company as the company hold only the trust fund in local currency.

(ii) Interest Rate Risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates. The interest rate exposure arises mainly from the interest rate movements on the borrowings. However, the company does not engage in borrowing activities as its obligation is to hold cash in trust.

CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various services providers, prepayments and bank balances.

The company is exposed to credit risk with respect to cash in trust bank accounts and other cash & Cash equivalent as disclosed under Note 5. The company's bank account are maintained with reputable banks with high credit rating.

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations from its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The Company does not involve itself in trading activities hence it is not exposed to liquidity risk.

AIRTEL MOBILE COMMERCE RWANDA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's trust operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management of the company.

10. CAPITAL MANAGEMENT

The primary objectives of the company is to hold, in trust, the funds owing to the Airtel Mobile Commerce e- value holders and safeguard the safety and sanctity of these funds. The company does not trade and is not allowed to deal in these funds otherwise than to settle obligations arising from genuine transaction of Airtel Mobile Commerce E-Value. The principal obligation of the company is not to maximize wealth but to safeguard third party funds.

The capital structure of the company consists of cash in Trust bank accounts. In order to maintain or adjust the capital structure, the company may return loan capital to shareholders, issue new shares or sell assets to reduce debt.

11. FINANCIAL INSTRUMENTS

The company's financial instruments comprise of cash in trust banks and other cash and cash equivalents, amounts due to and from related parties and amounts due to e-value holders.

Cash in trust bank accounts and amounts due from related parties are classified as financial assets at amortised cost while amounts due to e-value holders and due to related parties are classified as financial liabilities at amortised cost.

12. FAIR VALUE

Amounts due from related parties, cash in trust accounts and other cash and cash equivalents are financial assets. Similarly, amounts due to related parties, Due to E value holders are financial liabilities of the company. All financial assets and liabilities are valued at amortized cost and fair value of the same approximate the carrying amount due to short term nature.

13. CONTINGENT LIABILITES AND CAPITAL COMMITMENTS

There were no material contingent liabilities and Capital commitments as at 31 December 2020 and 31 December 2019.

14. GOING CONCERN

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

AIRTEL MOBILE COMMERCE RWANDA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

15. COMPARATIVES

Where necessary, comparative figures have been adjusted or re-classed to take into account changes in the presentation. The table below illustrates the reclassification made to prior year balances for presentation purposes in the current year.

<u>Balance Sheet</u>	As previously stated RWF'000	Reclassification RWF'000	Reclassified Amount RWF'000	Note
Due to related party	67,355	(67,355)	-	4
Due to E-Value holders	4,486,566	67,355	4,553,921	7

16. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated all events that occur after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The management of the company determined that these were non-adjusting event and thus are not required to be adjusted as at reporting date.

- (i) The company has segregated the Airtel Money business from Airtel Rwanda limited to Airtel Mobile Commerce Rwanda limited with effect from Apr 1, 2021.
- (ii) The Current Shareholder of the company Airtel Mobile Commerce B.V. sold its shares to Airtel Mobile Commerce Rwanda B.V.

The management of the company determined that there were no other reportable subsequent events to be disclosed other than the one disclosed above.

17. COVID 19 ASSESSMENT

There has been a coronavirus disease (COVID -19) outbreak across the globe since March 2020. The Company operates in a telecommunication sector that is considered to be providing essential services during the outbreak. Management continues to maintain close contacts with governmental agencies and constantly reviews existing business plan in light of newly available information on COVID-19. The Management concluded that there is no significant impact to these Financial Statements as a result of this outbreak.